Cal-Maine Foods, Inc.

2000

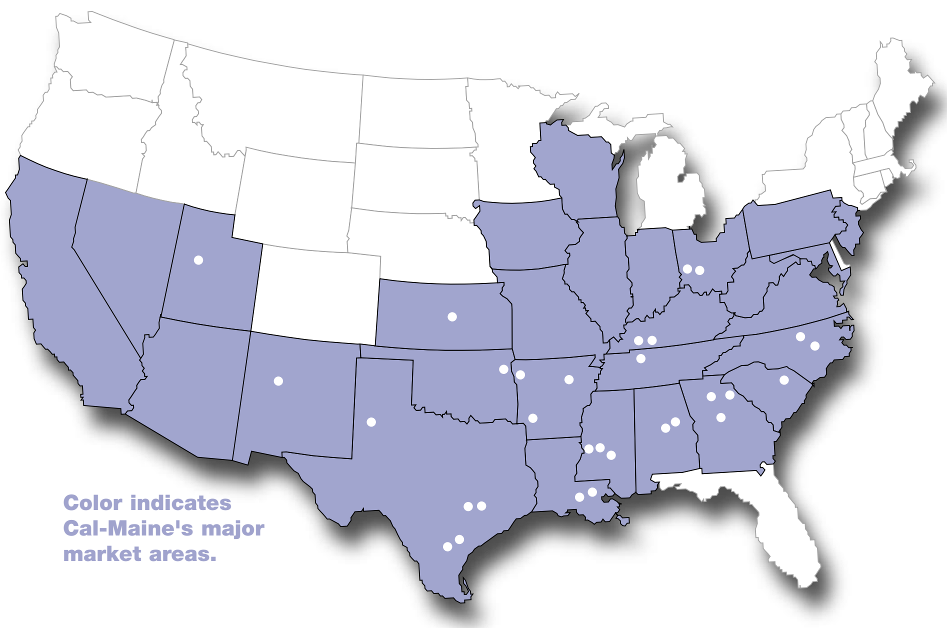
Annual Report to Shareholders

Cal-Maine Foods, Inc.

Cal-Maine Foods, Inc. is engaged in the production, cleaning, grading, packing and sale of fresh shell eggs. The Company is the nation's largest producer and distributor of fresh shell eggs, with fiscal 2000 sales of approximately 526 million dozen shell eggs, representing approximately 13% of all shell eggs sold in the United States. Cal-Maine primarily markets its shell eggs in 26 states, chiefly in the southwestern, southeastern, mid-western and mid-Atlantic regions of the United States.

The common shares of Cal-Maine Foods, Inc. are traded on the Nasdaq National Market under the symbol CALM.

Cal-Maine Locations



Alabama
Ashland
Lineville

Arkansas
Hope
Lincoln
Searcy

Georgia
Gainesville
Hartwell
Shady Dale

Kansas
Chase

Kentucky
Bremen
Guthrie

Louisiana
Hammond
Pine Grove

Mississippi
Edwards
Jackson *(Corporate Offices)*
Mendenhall

New Mexico
Albuquerque

North Carolina
Greenville
Louisburg

Ohio
Rossburg
Union City

Oklahoma
Westville

South Carolina
Bethune

Tennessee
Clarksville

Texas
Flatonia
Harwood
Idalou
Lagrange
Waelder

Utah
Delta

Letter to Stockholders:

As we indicated in last yearís annual report, we expected fiscal 2000 to be a difficult year for Cal-Maine and the egg industry as a whole. Dozens of eggs sold by the Company increased 24% in fiscal 2000 compared with fiscal 1999 to a record 526 million. Egg prices were down sharply compared with fiscal 1999. The lower price of eggs reflects increased supply in the United States and weak export demand.

Operating efficiency in the Company remains good. We showed further improvements in fiscal 2000. We had a tight labor market in most locations with modest wage increases during the year. Improved productivity has more than offset the wage increases. Feed costs were favorable during fiscal 2000. Indications are for very good corn and soybean production this fall, which should translate into favorable feed prices in fiscal 2001.

For the year ended June 3, 2000, net sales were $287.1 million compared with net sales of $288.0 million for fiscal 1999. The Company reported a net loss for fiscal 2000 of $17.4 million, or $1.41 per share, compared with net income of $5.1 million, or $0.39 per share, in fiscal 1999. While our financial performance for the year was not what we wanted, we made improvements in our operating efficiencies which we believe strengthened the Company for the future. Cal-Maineís financial condition remains sound, and we continue to have good bank relations. Book value per share at June 3, 2000, was $5.02 compared with $6.44 at the end of fiscal 1999.

During fiscal 2000, Cal-Maine completed the purchase of most of the assets of Smith Farms, Inc., located in Flatonia, Texas, and its related entities used in the operations of its egg business in Texas and Arkansas. The assets included approximately 3.9 million laying hens and growing pullets, two feed mills located in Texas and Arkansas, two egg production complexes in Texas and one egg production complex in Arkansas, as well as certain equipment for feed and egg delivery. The Smith Farms operations have an excellent reputation, good employees and a well-established customer base. The addition of the Smith Farms operations has complemented our existing facilities and allowed us to be more efficient while providing better service to our customers in the south central part of the country.

As the largest producer and distributor of fresh shell eggs in the United States, we continue to invest in our operations for the future. In addition to the Smith Farms' asset acquisition, we continued construction of new shell egg production and processing facilities in Waelder, Texas. Our 50% joint venture in Delta, Utah is on schedule. Phase I is 80% complete, and we expect this facility to be at full capacity by December 2000. These eggs will be sold to customers in Utah, Arizona, Nevada and California. We believe our expanded operations will allow for better operating efficiencies and increased services to customers.

There is evidence in the United States Department of Agricultural statistics that indicates the egg industry is making adjustments in the supply of eggs. Baby chicks hatched for the six months January through June 2000, are down approximately 6% from the same period last year. Our projections are that laying hen inventory in the United States will be approximately the same as the last yearís fall and winter months. With improved demand from population growth, egg prices should improve which will support our return to profitability.

The cyclical nature of our business and the fluctuations of egg prices and our corresponding profitability are normal in the egg industry business. We remain focused on operating Cal-Maine in a sound and prudent way for the long-term and are confident that, as supply and demand factors come into balance, we can return to profitability and enhance shareholder value.

Sincerely,

Fred Adams, Jr.,
Chairman and Chief Executive Officer

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED JUNE 3, 2000

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-04892

CAL-MAINE FOODS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**64-0500378**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

3320 Woodrow Wilson Avenue, Jackson, Mississippi 39209
(Address of principal executive offices) (Zip Code)

(601) 948-6813
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act: Common Stock, $0.01 par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ___X____ No________

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

As of August 10, 2000, 10,983,988 shares of the registrant's Common Stock, $0.01 par value, and 1,200,000 shares of the registrant's Class A Common Stock, $0.01 par value, were outstanding. The aggregate market value of the common stock held by non-affiliates of the registrant on that date was $11,466,400, computed at the closing price on that date as reported by the National Association of Securities Dealers Automated Quotation System.

DOCUMENTS INCORPORATED BY REFERENCE

Pursuant to General Instruction G(3), the responses to Items, 10, 11, 12 and 13 of Part III of this report are incorporated herein by reference to the information contained in the Company's Proxy Statement for its 2000 Annual Meeting of Shareholders to be held on October 5, 2000, to be filed with the Securities and Exchange Commission on or about September 5, 2000.

TABLE OF CONTENTS

Part I

Page II

Part III

Part IV

PART I

ITEM 1. BUSINESS

General

Cal-Maine Foods, Inc. ("Cal-Maine" or the "Company") was incorporated in Delaware in 1969. The Company's primary business is the production, cleaning, grading, and packaging of fresh shell eggs for sale to shell egg retailers. Shell egg sales, including feed sales to outside egg producers, accounted for approximately 98% of the Company's net sales in fiscal 2000 and 1999. Egg products operations, which accounted for approximately 4% of the Company's net sales in fiscal 1998, were discontinued in May 1998. The Company is the largest producer and distributor of fresh shell eggs in the United States and during fiscal 2000, had sales of approximately 526 million dozen shell eggs. This volume represents approximately 12.9% of all shell eggs sold in the United States. The Company markets the majority of its eggs in 26 states, primarily in the southwestern, southeastern, mid-western and mid-Atlantic regions of the United States.

The Company's principal executive offices are located at 3320 Woodrow Wilson Avenue, Jackson, Mississippi 39209, and its telephone number is 601-948-6813. Except as otherwise indicated by the context, references herein to the "Company" or "Cal-Maine" include all subsidiaries of the Company.

Growth Strategy and Acquisitions

The Company pursues an aggressive growth strategy, including the acquisition of existing shell egg production and processing facilities, as well as the construction of new and more efficient facilities. Since the beginning of fiscal 1989, the Company has consummated ten acquisitions, adding an aggregate of 21 million layers to its capacity, and built five new "in-line" shell egg production and processing facilities and one pullet growing facility, adding 5.0 million layers and 1.2 million growing pullets to its capacity. Each of the new shell egg production facilities generally provides for the processing of approximately 300 cases of shell eggs per hour. These increases in capacity have been accompanied by the retirement of older and less efficient facilities and a reduction in eggs produced by contract producers. The new "in-line" facilities result in the gathering, cleaning, grading and packaging of shell eggs by less labor-intensive, more efficient, mechanical means.

As a result of the Company's growth strategy, the Company's total flock, including pullets, layers and breeders, has increased from approximately 6.8 million at May 28, 1988 to an average of approximately 19.2 million for each of the past five fiscal years. Also, the number of dozens of shell eggs sold has increased from approximately 117 million in the fiscal year ended May 28, 1988 to an average of approximately 428 million for the past five fiscal years. Net sales amounted to $287.1 million in fiscal 2000, more than four times net sales of $69.9 million in fiscal 1988.

The Company's acquisitions and construction of larger facilities, described in the tables below, reflect the continuing concentration of shell egg production in the United States and a decreasing number of shell egg producers. The Company believes that a continuation of that concentration trend may result in the reduced cyclicality of shell egg prices, but no assurance can be given in that regard.

Acquisitions of Egg Production and Processing Facilities

Fiscal Year (1)	Seller	Location	Layers Acquired	Purchase Price
1989	Egg City, Inc.	Arkansas	1,300,000	$ 6,716,000
1990	Sunny Fresh Foods, Inc.	(2)	7,500,000	21,629,000
1991	Sunnyside Eggs, Inc.	North Carolina	1,800,000	6,000,000
1994	Wayne Detling Farms	Ohio	1,500,000	12,194,000
1995	A & G Farms	Kentucky	1,000,000	2,883,000
1997	Sunbest Farms	Arkansas	600,000	1,302,000
1997	Southern Empire Egg Farm, Inc.	Georgia	1,300,000	10,654,000
1998	J&S Farms / Savannah Valley Egg	Georgia	900,000	3,745,000
1999	Hudson Brothers, Inc.	Kentucky	1,200,000	11,534,000
2000	Smith Farms	Texas/Arkansas	3,900,000	36,205,000
	Total		21,000,000	$ 112,862,000

(1) The Company's fiscal year ends on the Saturday closest to May 31.

(2) New Mexico, Kansas, Texas, Alabama, Oklahoma, Arkansas and North Carolina

Construction of Egg Production, Pullet Growing and Processing Facilities (1)

Fiscal Year Completed	Location	Layer Capacity	Pullet Capacity	Approximate Cost
1990	Mississippi	1,000,000	200,000	$ 10,000,000
1992	Louisiana	1,000,000	—	10,000,000
1992	Mississippi	—	500,000	3,500,000
1994	Mississippi	1,000,000	—	9,200,000
1996	Texas	1,000,000	250,000	14,000,000
1999	Kansas	1,250,000	250,000	21,500,000
	Total	5,250,000	1,200,000	$ 68,200,000

(1) Does not include construction in Waelder, Texas, commenced in fiscal 1998, and to be completed in fiscal 2001 at an estimated cost of approximately $18.7 million, adding approximately 1,300,000 layer and 300,000 pullet capacity.

The Company proposes to continue a growth strategy calling for the acquisition of other companies engaged in the production and sale of shell eggs. Federal anti-trust laws require regulatory approval of acquisitions that exceed certain threshold levels of significance. Also, the Company is subject to federal and state laws generally prohibiting anti-competitive conduct. Because the shell egg production and distribution industry is so fragmented, the Company believes that its sales of shell eggs during its last fiscal year represented only approximately 12.9% of domestic shell egg sales notwithstanding that it is the largest producer and distributor of shell eggs in the United States based on independently prepared industry statistics. The Company believes that regulatory approval of any future acquisitions either will not be required, or, if required, that such approvals will be obtained.

The construction of new, more efficient production and processing facilities is an integral part of the Company's growth strategy. Any such construction will require compliance with applicable environmental laws and regulations, including the receipt of permits, that could cause schedule delays, although the Company has not experienced any significant delays in the past.

Shell Eggs

Production. The Company's operations are fully integrated. At its facilities, it hatches chicks, grows pullets, manufactures feed and produces and distributes shell eggs. Company-owned facilities accounted for approximately 78% of its total fiscal 2000 egg production, with the balance attributable to contract producers used by the Company.

Under Cal-Maine's arrangements with its contract producers, the Company owns the entire flock, furnishes all feed and supplies, owns the shell eggs produced, and assumes all market risks. The contract producers own their facilities and are paid a fee based on production with incentives for performance.

The commercial production of shell eggs requires a source of baby chicks for laying flock replacement. The Company produces approximately 98% of its chicks in its own hatcheries and obtains the balance from commercial sources. Feed for the laying flocks is produced by Company-owned and operated mills located in Alabama, Arkansas, Georgia, Louisiana, Mississippi, New Mexico, Ohio, Oklahoma, South Carolina, Tennessee, and Texas. All ingredients necessary for feed production are readily available in the open market and most are purchased centrally from Jackson, Mississippi. Approximately 95% of the feed for Company flocks is manufactured at feed mills owned and operated by the Company. Poultry feed is formulated using a computer model to determine the least-cost ration to meet the nutritional needs of the flocks. Although most feed ingredients are purchased on an as-needed basis, from time-to-time, when deemed advantageous, the Company purchases ingredients in advance with a delayed delivery of several weeks.

Feed cost represents the largest element of the Company's farm egg production cost, ranging from 55% to 64% of total cost in the last five years, or an average of approximately 60%. Although feed ingredients are available from a number of sources, the Company has little, if any, control over the prices of the ingredients it purchases, which are affected by weather and by various supply and demand factors. Increases in feed costs not accompanied by increases in the selling price of eggs can have a material adverse effect on the results of the Company's operations. However, higher feed costs may encourage producers to reduce production, possibly resulting in higher egg prices. Alternatively, low feed costs can encourage industry overproduction, possibly resulting in lower egg prices. Historically, the Company has tended to have higher profit margins when feed costs are higher. However, this may not be the case in the future.

After the eggs are produced, they are cleaned, graded, and packaged. Substantially all of the Company-owned farms have modern "in-line" facilities that mechanically gather, clean, grade and package the eggs produced. The increased use of in-line facilities has generated significant cost savings as compared to the cost of eggs produced from non-in-line facilities. In addition to greater efficiency, the in-line facilities produce a higher percentage of grade A eggs, which sell at higher prices. Eggs produced on farms owned by contractors are brought to the Company's processing plants where they are cleaned, graded and packaged. A small percentage of eggs are sold unprocessed to other processors.

The Company's egg production activities are subject to risks, inherent in the agriculture industry, such as weather conditions and disease factors. These risks are not within the Company's control and could have a material adverse effect on its operations. Also, the marketability of the Company's shell eggs is subject to risks such as possible changes in food consumption opinions and practices reflecting perceived health concerns.

The Company operates in a cyclical industry with total demand that is generally level and a product which is price-inelastic. Thus, small increases in production or decreases in demand can have a large adverse effect on prices and vice-versa. However, economic conditions in the egg industry are expected to exhibit less cyclicality in the future. The industry is concentrating into fewer but stronger hands, which should help lessen the extreme cyclicality of the past.

Marketing. Of the 526 million dozen shell eggs sold by the Company in the fiscal year ended June 3, 2000, 388 million were produced by Company flocks.

Sales of shell eggs primarily are made to national and regional supermarket chains that buy direct from the Company. During fiscal 2000, one customer, a major Texas grocery retailer, accounted for 10.5% of net sales, and the top 10 customers accounted for 53% of net sales in the aggregate. The majority of eggs sold are merchandised on a daily or short-term basis. Most sales to established accounts are on open account with terms ranging from seven to 30 days. Although the Company has established long-term relationships with many of its customers, they are free to acquire shell eggs from other sources.

The Company sells its shell eggs at prices generally related to independently quoted wholesale market prices. Wholesale prices are subject to wide fluctuations. The prices of its shell eggs reflect fluctuations in the quoted market, and the results of the Company's shell egg operations are materially affected by changes in market quotations. Egg prices reflect a number of economic conditions, such as the supply of eggs and the level of demand, which, in turn, are influenced by a number of factors that the Company cannot control. No representation can be made as to the future level of prices.

Shell eggs are perishable. Consequently, the Company maintains very low shell egg inventories, usually consisting of approximately four days of production. Retail sales of shell eggs are greatest during the fall and winter months and lowest during the summer months. Prices for shell eggs fluctuate in response to seasonal demand factors and a natural increase in egg production during the spring and early summer. The Company generally experiences lower sales and net income, and often losses, in its fourth and first fiscal quarters ending in May and August, respectively.

The annual per capita consumption of shell eggs since 1990 has ranged from 235 to 256, averaging 240, with the peak consumption of 256 occurring in 1999. While the Company believes that increased fast food restaurant consumption, reduced egg cholesterol levels and industry advertising campaigns may result in a continuance of the recent increases in current per capita egg consumption levels, no assurance can be given that per capita consumption will not decline in the future.

The Company sells the majority of its shell eggs in approximately 26 states across the southwest, southeast, mid-west and mid-Atlantic regions of the United States. Cal-Maine is a major factor in egg marketing in a majority of these states. Many states in Cal-Maine's market area are egg deficit regions; that is, production of fresh shell eggs is less than total consumption. Competition from other producers in specific market areas is generally based on price, service, and quality of product. Strong competition exists in each of the Company's markets.

Egg Products. The Company discontinued production of egg products in May 1998. Egg products accounted for approximately 4% of the Company's net sales in fiscal 1998.

Specialty Eggs. The Company also produces specialty eggs such as *Egg*land's Best* and Farmhouse eggs. *Egg*land's Best* eggs are patented eggs that are believed by its developers, based on scientific studies, to cause no increase in serum cholesterol when eaten as part of a low fat diet. Cal-Maine produces and processes *Egg*land's Best* eggs, under license from *Egg*land's* Best, Inc. ("EB"), at its existing facilities, under EB guidelines. The product is marketed to the Company's established base of customers at prices that reflect a premium over ordinary shell eggs. *Egg*land's Best* eggs accounted for approximately 4.6% of the Company's net sales in fiscal 2000. *"Farmhouse"* brand eggs are produced at Company facilities by hens that are not caged, and are provided with a diet of natural grains and drinking water that is free of hormones or other chemical additives. Farmhouse eggs account for l% of net sales. They are intended to meet the demands of consumers who are sensitive to environmental and animal welfare issues.

Livestock. The Company's livestock operations currently consist of the operation of a 1,440 head dairy facility, from which milk sales are made to a major milk processor. Milk and cattle sales were approximately 2% of the Company's net sales in fiscal 2000.

Competition. The production, processing, and distribution of shell eggs is an intensely competitive business which, traditionally, has attracted large numbers of producers. Shell egg competition is generally based on price, service, and quality of production. Although the Company is the largest combined producer, processor, and distributor of shell eggs in the United States, it does not occupy a controlling market position in any area where its eggs are sold.

The shell egg production and processing industry has been characterized by a growing concentration of production. In 1999, 62 producers with one million or more layers owned 78% of the 270 million total U.S. layers, compared with the 56 producers with one million or more layers owning 63.6% of the 231.9 million total U.S. layers in 1990, and 61 producers with one million or more layers owning 56.2% of the 248.0 million total U.S. layers in 1985. The Company believes that a continuation of that concentration trend may result in the reduced cyclicality of shell egg prices, but no assurance can be given in that regard.

Patents and Tradenames. The Company does not own any patents or proprietary technologies, but does market products under tradenames including *Rio Grande*, *Farmhouse*, and *Sunups*. Cal-Maine produces and processes *Egg*land's Best™* eggs, under license from EB, as indicated above.

Government Regulation. The Company is subject to federal and state regulations relating to grading, quality control, labeling, sanitary control, and waste disposal. As a fully-integrated egg producer, the Company's shell egg facilities are subject to USDA and FDA regulation. The Company's shell egg facilities are subject to periodic USDA inspections. Cal-Maine maintains its own inspection program to assure compliance with the Company's own standards and customer specifications.

Cal-Maine is subject to federal and state environmental laws and regulations and has all necessary permits.

Employees. As of June 3, 2000, the Company had a total of approximately 1,840 employees of whom 1,640 worked in egg production, processing and marketing, 115 were engaged in feed mill operations, 50 in dairy activities, and 35 were administrative employees, including officers, at the Company's executive offices. About 7% of the Company's personnel is part-time. None of the Company's employees are covered by a collective bargaining agreement. The Company considers its relations with employees to be good.

ITEM 2. PROPERTIES

The Company owns or leases farms, processing plants, hatcheries, feed mills, warehouses, offices and other property located in Alabama, Arkansas, Georgia, Kansas, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, and Texas, as follows: two breeding facilities, two hatcheries, 15 feed mills, 19 production facilities, 14 pullet growing facilities, 22 processing and packing facilities, two wholesale distribution facilities, and a dairy farm. Most of the Company's property is owned and encumbered. See Notes 5, 6, and 7 of the Notes to Consolidated Financial Statements of the Company.

The Company operates 265 over-the-road tractors and 331 trailers, of which 168 and 204 are owned, respectively, and the balance are leased.

At June 3, 2000, the Company owned approximately 15,700 acres of land and owned facilities to:

Operation	Capacity	
Hatch	16,000,000	- pullet chicks per year
Grow (1)	11,000,000	- pullets per year
House (2)	16,000,000	- hens
Produce	700	- tons of feed per hour
Process (3)	7,000	- cases of eggs per hour

(1) The Company uses contract growers for the production of an additional 2.3 million pullets.

(2) The Company controls approximately 20 million layers, of which 3.6 million are cared for by contract producers.

(3) One case equals 30 dozen eggs.

Over the past five fiscal years, Cal-Maine's capital expenditures have totaled approximately $132.4 million, including the acquisition of the operations of other businesses. The Company's facilities currently are maintained in good operable condition and are insured to an extent the Company deems adequate.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any litigation which, in the opinion of management, is likely to have a material adverse effect on the Company's consolidated financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter ended June 3, 2000.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Company's Common Stock is traded on the NASDAQ National Market under the symbol CALM. At June 3, 2000, there were approximately 214 record holders of the Company's Common Stock and approximately 1,200 beneficial owners whose shares were held by nominees or broker dealers. The following table sets forth the high and low daily sale prices and dividends for four quarters of fiscal 1999 and fiscal 2000.

		Sales Price		Cash Dividend Declared
Year Ended	Fiscal Quarter	High	Low	
June 3, 2000	First Quarter	$ 5 1/2	$ 4 3/8	$ .0125
	Second Quarter	4 7/8	3 11/32	.0125
	Third Quarter	4 3/8	2 1/2	.0125
	Fourth Quarter	4 3/32	3 1/4	.0125
May 29, 1999	First Quarter	$ 5 7/8	$ 4	$ .0100
	Second Quarter	5 1/2	3 1/2	.0125
	Third Quarter	5 7/16	4 1/8	.0125
	Fourth Quarter	5 5/8	5 3/16	.0125

There is no public trading market for the Class A Common Stock, the majority outstanding shares of which are owned by Fred R. Adams, Jr., Chairman of the Board of Directors and Chief Executive Officer of the Company.

The Company's current cash dividend is $.0125 per share on Common Stock, representing an annual cash dividend of $.05 per share. The cash dividend is $.011875 per share on Class A Common Stock, representing an annual cash dividend of $.0475 per share. Under the terms of the Company's agreements with its principal lenders, Cal-Maine is subject to various financial covenants limiting its ability to pay dividends. The Company is required to maintain minimum levels of working capital and net worth, to limit capital expenditures, leasing transactions and additional long-term borrowings, and to maintain various current and cash-flow coverage ratios, among other restrictions. For the foreseeable future, the Company expects to retain the majority of earnings for use in its business.

ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Years Ended				
	June 3, 2000	May 29, 1999	May 30, 1998	May 31, 1997	June 1, 1996
	(Amounts in thousands, except per share data)				
Statement of Operations Data:					
Net sales	$ 287,055	$ 287,954	$ 309,071	$ 292,526	$ 282,844
Cost of sales	268,937	242,022	264,636	236,273	230,850
Gross profit	18,118	45,932	44,435	56,253	51,994
Selling, general and administrative	40,059	36,406	34,089	28,930	29,653
Operating income (loss)	(21,941)	9,526	10,346	27,323	22,341
Other income (expense):					
Interest expense	(7,726)	(5,195)	(4,583)	(4,277)	(5,487)
Equity in income of affiliate	130	326	294	524	721
Other	2,525	3,330	2,268	783	(190)
	(5,071)	(1,539)	(2,021)	(2,970)	(4,956)
Income (loss) before income taxes	(27,012)	7,987	8,325	24,353	17,385
Income tax expense (benefit)	(9,633)	2,907	2,946	9,508	6,460
Net income (loss)	$ (17,379)	$ 5,080	$ 5,379	$ 14,845	$ 10,925
Net income (loss) per common share:					
Basic	$ (1.41)	$ 0.39	$ 0.41	$ 1.21	$ 0.94
Diluted	$ (1.41)	$ 0.39	$ 0.40	$ 1.18	$ 0.94
Cash dividends declared per share	$ 0.048	$ 0.045	$ 0.020	$ 0.00	$ 0.00
Weighted average shares outstanding:					
Basic	12,362	12,999	13,191	12,285	11,584
Diluted	12,362	13,114	13,428	12,560	11,584
Balance Sheet Data:					
Working capital	$ 18,485	$ 48,501	$ 56,591	$ 45,390	$ 26,742
Total assets	231,899	213,682	203,188	182,294	149,991
Total debt (including current portion)	119,736	84,004	75,498	64,436	63,426
Total stockholders' equity	61,353	80,584	79,547	74,642	7,900

ITEM 7. MANAGEMENTS'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company is primarily engaged in the production, cleaning, grading, packing, and sale of fresh shell eggs. The Company's fiscal year end is the Saturday nearest to May 31 which was June 3, 2000 (53 weeks), May 29, 1999 (52 weeks) and May 30, 1998 (52 weeks) for the most recent three fiscal years.

The Company's operations are fully integrated. At its facilities it hatches chicks, grows pullets, manufactures feed, and produces, processes, and distributes shell eggs. The Company currently is the largest producer and distributor of fresh shell eggs in the United States. Shell eggs accounted for over 98% of the Company's net sales in fiscal 2000 and 1999. The Company primarily markets its shell eggs in the southwestern, southeastern, mid-western and mid-Atlantic regions of the United States. Shell eggs are sold directly by the Company primarily to national and regional supermarket chains. Egg products operations, which accounted for approximately 4% of the Company's net sales in fiscal 1998, were discontinued in May 1998.

The Company currently uses contract producers for approximately 22% of its total egg production. Contract producers operate under agreements with the Company for the use of their facilities in the production of shell eggs by layers owned by the Company, which owns the eggs produced. Also, shell eggs are purchased, as needed, for resale by the Company from outside producers.

The Company's operating income or loss is significantly affected by wholesale shell egg market prices, which can fluctuate widely and are outside of the Company's control. Retail sales of shell eggs are greatest during the fall and winter months and lowest during the summer months. Prices for shell eggs fluctuate in response to seasonal factors and a natural increase in egg production during the spring and early summer.

The Company's cost of production is materially affected by feed costs, which average about 60% of Cal-Maine's total farm egg production cost. Changes in feed costs result in changes in the Company's cost of goods sold. The cost of feed ingredients is affected by a number of supply and demand factors such as crop production and weather, and other factors, such as the level of grain exports, over which the Company has little or no control.

RESULTS OF OPERATIONS

The following table sets forth, for the years indicated, certain items from the Company's consolidated statements of operations expressed as a percentage of net sales.

	Percentage of Net Sales Fiscal Years Ended		
	June 3, 2000	May 29, 1999	May 30, 1998
Net sales	100.0%	100.0%	100.0%
Cost of sales	93.7	84.0	85.6
Gross profit	6.3	16.0	14.4
Selling, general & administrative expenses	14.0	12.6	11.0
Operating income (loss)	(7.7)	3.4	3.4
Other income (expense)	(1.7)	(0.6)	(0.7)
Income (loss) before taxes	(9.4)	2.8	2.7
Income tax expense (benefit)	(3.3)	1.0	1.0
Net income (loss)	(6.1)%	1.8%	1.7%

Fiscal Year Ended June 3, 2000 Compared to Fiscal Year Ended May 29, 1999

Net Sales. Net sales for the fiscal year ended June 3, 2000 were $287.1 million, a decrease of $899,000 from net sales of $288.0 million for the fiscal year ended May 29, 1999. The decrease resulted from a $4.9 million decrease in net sales of feed to outside producers, offset by $4.0 million increase in sales of shell eggs. The increase in shell egg sales is attributable to a 23.7% increase in dozens sold and an 18.6% decrease in average selling price per dozen. Although domestic demand was good, increased egg supply and weak export demand caused egg market prices to decrease. In fiscal 2000, total dozens of shell eggs sold were 526.2 million, an increase of 100.7 million dozen, compared to 425.5 million dozen sold in fiscal 1999. Of the increased dozens sold, 70% resulted from the acquisition of the egg production and processing operations of Hudson Brothers in May 1999 and of Smith Farms in September 1999. The balance of the increase in dozens sold was purchased from outside egg producers. As a result of the decline in shell egg market prices, the Company's average selling price of shell eggs decreased from $.623 for fiscal 1999 to $.507 per dozen, a decrease of $.116 per dozen. Feed sales to outside producers decreased as a result of lower tons sold and slightly lower cost of feed ingredients during fiscal 2000 which reduced market prices for feed.

Cost of Sales. The cost of sales in fiscal 2000 was $268.9 million, an increase of $26.9 million, or 11.1%, above fiscal 1999 cost of sales of $242.0 million. The increase is the net result of an increase in dozens sold and a slight decrease in feed cost per dozen produced. As discussed above, dozens sold for fiscal 2000 increased 100.7 million dozen, or 23.7%. Of the increase in dozens sold, 27.7 million dozens were purchased from outside egg producers, an increase of 25.0% above last fiscal year. During weak egg market conditions as described above, the Company is able to purchase outside eggs at more favorable net prices which mitigates the normally higher cost of purchasing eggs from outside sources. A good 1999 corn and soybean harvest resulted in slight decreases in cost of feed ingredients. Feed cost for fiscal 2000 was $.188 per dozen, compared to $.195 per dozen for last fiscal year, a decrease of $.007 per dozen, or 3.6%. Decreased feed cost and cost of outside egg purchases were not enough to offset the 18.6% drop in egg selling prices, and the net result was a decrease in gross profit from 16.0% of net sales for fiscal 1999 to 6.3% for fiscal 2000.

Selling, General and Administrative Expenses. Selling, general, and administrative expense in fiscal 2000 was $40.1 million, an increase of $3.7 million, or 10.0%, as compared to $36.4 million for fiscal 1999. The increase is due to increased payroll and related expenses from the acquisitions of Hudson Brothers in May 1999 and Smith Farms in September 1999 and due to increased delivery costs from the increased dozens sold. On a cost per dozen sold basis, selling, general and administrative expense decreased from $.086 per dozen for fiscal 1999 to $.076 per dozen for fiscal 2000, a decrease of $.01 per dozen sold, or 11.6%. As a percent of net sales, selling, general and administrative expense increased from 12.6% from fiscal 1999 to 14.0% for fiscal 2000.

Operating Income (Loss) . As a result of the above, the Company's operating loss was $21.9 million, as compared to an operating income of $9.5 million for fiscal 1999. As a percent of net sales, the operating loss for fiscal 2000 was 7.7%, as compared to an operating income of 3.4% for fiscal 1999.

Other Income (Expense). Other expense for fiscal 2000 was $5.1 million, an increase of $3.6 million, as compared to other expense of $1.5 million for fiscal 1999. For fiscal 2000, interest expense increased $2.5 million and net other income decreased $1.0 million. Interest expense increased due to increased borrowings. Other income decreased primarily from a decrease in interest earned due to lower cash equivalent investments. As a percent of net sales, other expense was 1.7% for fiscal 2000, compared to 0.6% for fiscal 1999.

Income Taxes. As a result of the above, the Company's pre-tax loss was $27.0 million, compared to pre-tax income of $8.0 million for fiscal 1999. For fiscal 2000, the Company's income tax benefit totaled $9.6 million with an effective rate of 35.7%, as compared to income tax expense of $2.9 million with an effective rate of 36.4% for fiscal 1999.

Net Income (Loss). As a result of the above, net loss for fiscal 2000 was $17.4 million or $1.41 per basic and diluted share, compared to net income of $5.1 million, or $.039 per basic and diluted share for fiscal 1999.

Fiscal Year Ended May 29, 1999 Compared to Fiscal Year Ended May 30, 1998

Net Sales. Net sales in the fiscal year ended May 29, 1999 were $288.0 million, a decrease of $21.1 million, or 6.8%, from net sales of $309.1 million in the fiscal year ended May 30, 1998. The closure of the egg products division, in fiscal 1998, accounted for $12.9 million of the decrease in net sales for fiscal 1999. The balance of the decrease was the result of lower selling prices for eggs. Due to increased egg supplies and lower exports, average shell egg market prices declined approximately 5.4%. In response to declining market prices, Cal-Maine's net average selling price of shell eggs decreased from $.657 per dozen for fiscal 1998 to $.623, a decrease of $.034 per dozen, or 5.2%. Total dozens of eggs sold remained about the same for both fiscal years, 425.5 million dozen for fiscal 1999, compared to 424 million for fiscal 1998, an increase of 1.5 million dozens. Outside feed sales increased $2.4 million, or approximately 15.0%, for fiscal 1999. The increase was the net result of an increase of 43.0% in tons of feed sold to outside producers, offset by a decrease of 20.0% in the net selling price per ton. Lower cost of feed ingredients resulted in lower market prices for feed.

Cost of Sales. The cost of sales in fiscal 1999 was $242.0 million, a decrease of $22.6 million, or 8.5%, under the fiscal 1998 cost of sales of $264.6 million. The closed egg products division accounted for $13.0 million of the fiscal 1999 decrease. The balance of the decrease was mostly due to decreases in cost of feed ingredients, and lower shell egg market prices. The lower cost of feed ingredients was the result of a large 1998 corn and soybean harvest and indications of continued favorable feed prices as the 1999 crop season began. Feed cost per dozen eggs produced during fiscal 1999 was $.195, compared to $.248 per dozen in fiscal 1998, a decrease of 21.4%. During fiscal 1999, the Company purchased 116.0 million dozens from outside sources, compared to 101.8 million dozen during fiscal 1998, an increase of 13.9%. Due to decreased egg market prices, as discussed above, the Company was able to purchase outside eggs at more favorable net prices. Lower shell egg market prices, offset by improvements in egg production and purchased egg costs, resulted in an increase in gross profit from 14.4% of net sales for fiscal 1998 to 16.0% of net sales for fiscal 1999.

Selling, General and Administrative Expenses. Selling, general, and administrative expenses in fiscal 1999 were $36.4 million, an increase of $2.3 million, or 6.7%, as compared to $34.1 million for fiscal 1998. The increases are mostly in payroll and payroll related expenses, including cash payments to certain employees to terminate stock options and employee health insurance costs. During the second quarter of fiscal 1999, the Company, in accordance with FASB Statement 121, incurred an impairment change of $500,000 on a facility, including feed mill and production and distribution properties, that was closed. In fiscal 1999, franchise fees increased almost $500,000 as the Company expands its markets for specialty brands of eggs, primarily *Eggland's Best.* Sales of the specialty brands for fiscal 1999 were 5.2% of net sales, as compared to 3.4% for fiscal 1998, and 1.0% for fiscal 1997. Other costs, including delivery, remained approximately the same during both fiscal years. As a percent of net sales, general and administrative expenses increased from 11.0% for fiscal 1998 to 12.6% for fiscal 1999.

Operating Income. As a result of the above, the Company's operating income was $9.5 million in fiscal 1999, a decrease of $800,000 or 7.9%, as compared to operating income of $10.3 million for fiscal 1998. As a percent of net sales, operating income for fiscal 1999 was 3.4%, the same as for fiscal 1998.

Other Income (Expense). Other expense for fiscal 1999 was $1.5 million, a decrease of $482,000, or 23.8%, as compared to other expense of $2.0 million for fiscal 1998. The decrease in net other expense is due to an increase in interest income of $831,000 offset by an increase in interest expense of $611,000 and an increase in other income of $263,000. As a percent of net sales, other expenses were 0.6% for fiscal 1999 compared to 0.7% for fiscal 1998.

Income Taxes. As a result of the above, the Company's pre-tax income was $8.0 million in fiscal 1999, compared to pre-tax income of $8.3 million for fiscal 1998. For fiscal 1999, income tax expense totaled $2.9 million with an effective rate of 36.4% as compared to income tax expense of $2.9 million with an effective rate of 35.4% for fiscal 1998. The increase in the effective rate is primarily due to a decrease in tax-exempt interest income as a percentage of income before income taxes.

Net Income. As a result of the above, net income for fiscal 1999 was $5.1 million, or $0.39 per basic share, compared to net income of $5.4 million, or $0.41 per basic share for fiscal 1998.

CAPITAL RESOURCES AND LIQUIDITY

The Company's working capital at June 3, 2000 was $18.5 million compared to $48.5 million at May 29, 1999. The Company's current ratio was 1.36 at June 3, 2000 as compared with 2.17 at May 29, 1999. The Company's need for working capital generally is highest in the last and first fiscal quarters ending in May and August, respectively, when egg prices are normally at seasonal lows. Seasonal borrowing needs frequently are higher during these quarters than during other fiscal quarters. The Company has a $35.0 million line of credit with three banks of which $7.5 million was outstanding at June 3, 2000. The Company's long-term debt at June 3, 2000, including current maturities, amounted to $119.7 million, as compared to $84.0 million at May 29, 1999.

For the fiscal year ended June 3, 2000, $11.1 million was used in operating activities. The Company had $7.5 million in net borrowings under its line of credit, additional long-term borrowings of $40.3 million, $1.7 net proceeds from the disposal of property, plant and equipment and $3.0 million net proceeds from notes receivable and investments. In the 2000 fiscal year, $35.6 million was used in the acquisition of a shell egg production and processing business, $15.5 million was used for construction projects, and $12.4 million for purchases of property, plant and equipment. Approximately $1.2 million was used for purchases of common stock for treasury and $611,000 for dividend payments on the common stock. Principal payments of $4.6 million were made on long-term debt. The net result of these activities was a decrease in cash and cash equivalents of $29.7 million for fiscal 2000.

Certain key industry indicators for shell eggs are currently favorable for fiscal 2001. Baby chicks placed during the first six months of calendar 2000 are down over 5% compared to the same period last year. This will tend to reduce the nationwide laying flock size in the year ahead. Current projections for total laying flock size in the U. S. during the Company's fiscal 2001 are only slightly larger than last fiscal year. With anticipated improved demand by the egg industry, this should result in higher selling prices for eggs. Current industry indications and projections are for a big corn and soybean crop in the fall of 2000. This should ensure favorable cost of feed for the fiscal year ahead.

Substantially all trade receivables and inventories collateralize the Company's line of credit, and property, plant and equipment collateralize the Company's long-term debt. The Company is required by certain provisions of these loan agreements to (1) maintain minimum levels of working capital and net worth; (2) limit dividends, capital expenditures, lease obligations and additional long-term borrowings; and (3) maintain various current and cash-flow coverage ratios, among other restrictions. At June 3, 2000, the Company did not meet certain of these provisions on its line of credit agreement and substantially all of its long-term debt agreements. The Company has obtained amendments to the loan agreements or waivers of these requirements through fiscal 2001. The Company is in compliance with the amended or waived provisions. Under certain of the loan agreements, the lenders have the option to require the prepayment of any outstanding borrowings in the event of a change in the control of the Company.

At June 3, 2000 the Company had $9.6 million in construction-in-process which primarily represents construction of new shell egg production and processing facilities in Waelder, Texas and a feed mill in Chase, Kansas. The estimated cost to complete construction of the Waelder facility and Chase feed mill in fiscal 2001 is approximately $3.4 million. The Company has a commitment from an insurance company to receive $13.4 million in long-term borrowings applicable to the Waelder facility. In addition to the completion of the Waelder facility and Chase feed mill, the Company has projected capital expenditures of $15.0 million fiscal 2001, which will be funded by cash flows from operations and additional long-term borrowings.

As part of the Smith Farms purchase in September 1999, the Company is continuing the construction of egg production and processing facilities in Searcy, Arkansas and Flatonia, Texas. The projects are being funded by a leasing company. Total cost of the Searcy facility is approximately $20.0 million and completion is expected in the last quarter of fiscal 2001. Total cost of the Flatonia facility is approximately $16.0 million and completion is anticipated in the second quarter of fiscal 2002. These facilities will be leased with seven year terms and accounted for as operating leases.

The Company has $2.9 million of deferred tax liability due to a subsidiary's change from a cash basis to an accrual basis taxpayer on May 29, 1988. *The Taxpayer Relief Act of 1997* provides that the taxes on the cash basis temporary differences as of that date are generally payable over the 20 years beginning in fiscal 1999 or in the first fiscal year in which there is a change in ownership control. Payment of the $2.9 million deferred tax liability would reduce the Company's cash, but would not impact the Company's consolidated statement of operations or stockholders' equity, as these taxes have been accrued and are reflected on the Company's consolidated balance sheet. See Note 10 of Notes to Consolidated Financial Statements.

Forward-Looking Statements. The foregoing statements contain forward-looking statements which involve risks and uncertainties and the Company's actual experience may differ materially from that discussed above. Factors that may cause such a difference include, but are not limited to, those discussed in "Factors Affecting Future Performance" below, as well as future events that have the effect of reducing the Company's available cash balances, such as unanticipated operating losses or capital expenditures related to possible future acquisitions. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's analysis only as the date hereof. The Company assumes no obligation to update forward-looking statements. See also the Company's reports to be filed from time to time with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

Factors Affecting Future Performance. The Company's future operating results may be affected by various trends and factors which are beyond the Company's control. These include adverse changes in shell egg prices and in the grain markets. Accordingly, past trends should not be used to anticipate future results and trends. Further, the Company's prior performance should not be presumed to be an accurate indication of future performance.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

See Note 11 to the Company's Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements, schedules, and supplementary data required by this item are listed in Item 14(a) of this report and included at pages F-1 through F-15.

Quarterly Financial Data: (unaudited , amounts in thousands, except per share data)

	Fiscal Year 2000			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 59,055	$ 71,054	$ 79,191	$ 77,755
Gross profit	1,733	6,667	6,547	3,171
Net loss	(5,364)	(2,732)	(3,997)	(5,286)
Net loss per share:				
Basic	$ (.43)	$ (.22)	$ (.32)	$ (.43)
Diluted	$ (.43)	$ (.22)	$ (.32)	$ (.43)

	Fiscal Year 1999			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 68,785	$ 77,948	$ 77,861	$ 63,360
Gross profit	6,081	17,303	15,691	6,857
Net income (loss)	(2,087)	4,254	3,979	(1,066)
Net income per share:				
Basic	$ (.16)	$ .32	$ .31	$ (.08)
Diluted	$ (.16)	$ .32	$ .30	$ (.08)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning directors and executive officers is incorporated by reference from the Company's definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's 2000 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

The information concerning executive compensation is incorporated by reference from the Company's definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's 2000 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information concerning security ownership of certain beneficial owners and management is incorporated by reference from the Company's definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's 2000 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information concerning certain relationships and related transactions is incorporated by reference from the Company's definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection the Company's 2000 Annual Meeting of Shareholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements

The consolidated financial statements of the Company listed on the accompanying index to consolidated financial statements are filed as part of this report.

(b) Reports on Form 8-K

No Current Report on Form 8-K was filed by the Company covering an event during the fourth quarter of fiscal 2000. No amendments to previously filed Forms 8-K were filed during the fourth quarter of fiscal 2000.

(c) Exhibits Required by Item 601 of Regulation S-K

The following exhibits are filed herewith or incorporated by reference:

Exhibit Number	Exhibit
2	Sale and exchange agreements dated September 13, 1999, by and among B & N Poultry, et al., and Cal-Maine Foods, Inc. (Omitted exhibits will be furnished supplementally to the Commission upon request) *******
3.1	Amended and Restated Certificate of Incorporation of the Registrant.*
3.2	By-Laws of the Registrant, as amended.*

4.1 See Exhibits 3.1 and 3.2 as to be the rights of holders of the Registrant's common stock.

4.2 Form of Warrant Agreement (including form of Common Stock Purchase Warrant).*

10.1 Amended and Restated Term Loan Agreement, dated as of May 29, 1990, between Cal-Maine Foods, Inc. and Cooperative Centrale Raiffeisen - Boerenleenbank B.A., "Rabobank Nederland," New York Branch, and Amended and Restated Revolving Credit Agreement among Cal-Maine Foods, Inc., and Barclays Banks PLD (New York) and Cooperatieve Centrale Raiffeisen-Borenleenbank B.A., dated as of 29 May 1990, and amendments thereto (without exhibits).*

10.1(a) Amendment to Term Loan Agreement (see Exhibit 10.1) dated as of June 3, 1997 (without exhibits). **

10.2 Note Purchase Agreement, dated as of November 10, 1993, between John Hancock Mutual Life Insurance Company and Cal-Maine Foods, Inc., and amendments thereto (without exhibits).*

10.3 Loan Agreement, dated as of May 1, 1991, between Metropolitan Life Insurance Corporation and Cal-Maine Foods, Inc., and amendments thereto (without exhibits).*

10.4 Employee Stock Ownership Plan, as Amended and Restated.* +

10.5 1993 Stock Option Plan, as Amended.* +

10.6 Wage Continuation Plan, dated as of January1, 1986, among R.K. Looper, B.J. Raines, and the Registrant.* +

10.6(a) Amendment dated October 29, 1997 to Wage Continuation Plan, dated as of January 1, 1986, between B.J. Raines and the Registrant. ****+

10.7 Wage Continuation Plan, dated as of July 1, 1986, between Jack Self and the Registrant, as amended on September 2, 1994.* +

10.8 Wage Continuation Plan, dated as of April 15, 1988, between Joe Wyatt and the Registrant.* +

10.9 Redemption Agreement, dated March 7, 1994, between the Registrant and Fred R. Adams, Jr.*

10.10 Note Purchase Agreement, dated December 18, 1997, among Cal-Maine Foods, Inc., Cal-Maine Farms, Inc., Cal-Maine Egg Products, Inc., Cal-Maine Partnership, LTD, CMF of Kansas LLC and First South Production Credit Association and Metropolitan Life Insurance Company (without exhibits, except names of guarantors and forms of notes) ***

10.11 Wage Continuation Plan, dated as of January 14, 1999, among Stephen Storm, Charles F. Collins, Bob Scott, and the Registrant *****+

10.12 Secured note purchase agreement dated September 28, 1999 among Cal-Maine Foods, Inc., Cal-Maine Partnership, LTD, and John Hancock Mutual Life Insurance Company, and John Hancock Variable Life Insurance Company (without exhibits, annexes and disclosure schedules) ******

10.13 1999 Stock Option Plan *********+

21 Subsidiaries of the Registrant

23 Consent of Independent Auditors

27 Financial Data Schedule

\+ Management contract or compensatory plan.

*	Incorporated by reference to the same exhibit number in Registrant's Form S-1 Registration Statement No. 333-14809.
**	Incorporated by reference to the same exhibit number in Registrant's Form 10-K for fiscal year ended May 31,1997.
***	Incorporated by reference to the same exhibit number in Registrant's Form 10-Q for the quarter ended November 29, 1997.
****	Incorporated by reference to the same exhibit number in Registrant's Form 10-K for fiscal year ended May 30, 1998.
*****	Incorporated by reference to the same exhibit number in Registrant's Form 10-K for fiscal year ended May 29, 1999.
******	Incorporated by reference to the same exhibit number in Registrant's Form 10-Q for the quarter ended November 27, 1999.
*******	Incorporated by reference to the same exhibit number in Registrant's Form 8-K, dated September 30, 1999.
********	Incorporated by reference to Registrant's form S-8 Registration Statement No. 333-39940, dated June 23, 2000.

The Company agrees to file with the Securities and Exchange Commission, upon request, copies of any instrument defining the rights of the holders of its consolidated long-term debt.

(d) Financial Statement Schedules Required by Regulation S-X

The financial statement schedule required by Regulation S-X is filed at page S-1. All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Jackson, Mississippi, on this 17th day of August, 2000.

CAL-MAINE FOODS, INC.

/s/ Fred R. Adams, Jr.
Fred R. Adams, Jr.
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Fred R. Adams, Jr. Fred R. Adams, Jr	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	August 17, 2000
/s/ Richard K. Looper Richard K. Looper	Vice Chairman of the Board and Director	August 17, 2000
/s/ Adolphus B. Baker Adolphus B. Baker	President and Director	August 17, 2000
/s/ Bobby J. Raines Bobby J. Raines	Vice President, Chief Financial Officer, Treasurer, Secretary and Director (Principal Financial Officer)	August 17, 2000
/s/ Charles F. Collins Charles F. Collins	Vice President, Controller and Director (Principal Accounting Officer)	August 17, 2000
/s/ Jack B. Self Jack B. Self	Vice President and Director	August 17, 2000
/s/ Joe M. Wyatt Joe M. Wyatt	Vice President and Director	August 17, 2000
W. D. Cox	Director	
R. Faser Triplett	Director	

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Auditors

The Board of Directors and Stockholders
Cal-Maine Foods, Inc.

We have audited the accompanying consolidated balance sheets of Cal-Maine Foods, Inc. and subsidiaries as of June 3, 2000 and May 29, 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended June 3, 2000. Our audits also included the financial statement schedule listed in the index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cal-Maine Foods, Inc. and subsidiaries at June 3, 2000 and May 29, 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 3, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Jackson, Mississippi
July 14, 2000

Cal-Maine Foods, Inc. and Subsidiaries

Consolidated Balance Sheets
(in thousands, except share amounts)

	June 3 2000	May 29 1999
Assets		
Current assets:		
Cash and cash equivalents	$ 6,541	$ 36,198
Receivables:		
Trade receivables, less allowance for doubtful accounts of $305 in 2000 and $52 in 1999	13,075	11,667
Note receivable from affiliate	271	2,500
Other	1,224	450
	14,570	14,617
Recoverable federal and state income taxes	4,509	–
Inventories	43,913	38,353
Prepaid expenses and other current assets	797	771
Total current assets	70,330	89,939
Other assets:		
Notes receivable and investments	7,932	7,468
Goodwill	3,390	4,260
Other	2,110	2,104
	13,432	13,832
Property, plant and equipment, less accumulated depreciation	148,137	109,911
Total assets	$231,899	$213,682
Liabilities and stockholders' equity		
Current liabilities:		
Note payable to bank	$ 7,500	$ –
Trade accounts payable	17,113	16,597
Federal and state income taxes payable	–	1,484
Accrued wages and benefits	4,962	4,975
Accrued expenses and other liabilities	3,878	3,970
Current maturities of long-term debt	7,105	4,118
Deferred income taxes	11,287	10,294
Total current liabilities	51,845	41,438
Long-term debt, less current maturities	112,631	79,886
Other noncurrent liabilities	1,489	1,489
Deferred income taxes	4,581	10,285
Total liabilities	170,546	133,098
Stockholders' equity:		
Common stock, $.01 par value:		
Authorized shares - 30,000,000		
Issued and outstanding shares - 17,565,200	176	176
Class A common stock, $.01 par value:		
Authorized shares - 1,200,000		
Issued and outstanding shares - 1,200,000	12	12
Paid-in capital	18,784	18,784
Retained earnings	53,535	71,525
Common stock in treasury (6,550,912 shares in 2000 and 6,257,712 shares in 1999)	(11,154)	(9,913)
Total stockholders' equity	61,353	80,584
Total liabilities and stockholders' equity	$231,899	$213,682

See accompanying notes.

Cal-Maine Foods, Inc. and Subsidiaries

Consolidated Statements of Operations

(in thousands, except per share amounts)

	Fiscal year ended		
	June 3 2000	May 29 1999	May 30 1998
Net sales	$287,055	$287,954	$309,071
Cost of sales	268,937	242,022	264,636
Gross profit	18,118	45,932	44,435
Selling, general and administrative	40,059	36,406	34,089
Operating income (loss)	(21,941)	9,526	10,346
Other income (expense):			
Interest expense	(7,726)	(5,195)	(4,583)
Interest income	748	2,202	1,371
Equity in income of affiliates	130	357	294
Other, net	1,777	1,097	897
	(5,071)	(1,539)	(2,021)
Income (loss) before income taxes	(27,012)	7,987	8,325
Income tax expense (benefit)	(9,633)	2,907	2,946
Net income (loss)	$ (17,379)	$ 5,080	$ 5,379
Net income (loss) per share:			
Basic	$ (1.41)	$ .39	$ .41
Diluted	$ (1.41)	$ .39	$ .40
Weighted average shares outstanding:			
Basic	12,362	12,999	13,191
Diluted	12,362	13,114	13,428

See accompanying notes.

Cal-Maine Foods, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity

(in thousands, except per share amounts)

	Common Stock								
	Shares	Amount	Class A Shares	Class A Amount	Treasury Shares	Treasury Amount	Paid-in Capital	Retained Earnings	Total
Balance at May 31, 1997	17,565	$176	1,200	$12	5,583	$ (6,234)	$18,785	$61,903	$74,642
Redemption of fractional shares of common stock	–	–	–	–	–	–	(1)	–	(1)
Purchases of common stock for treasury	–	–	–	–	50	(311)	–	–	(311)
Sale of common stock from treasury	–	–	–	–	(25)	89	–	–	89
Cash dividends paid ($.020 per common share)	–	–	–	–	–	–	–	(251)	(251)
Net income for fiscal 1998	–	–	–	–	–	–	–	5,379	5,379
Balance at May 30, 1998	17,565	176	1,200	12	5,608	(6,456)	18,784	67,031	79,547
Purchases of common stock for treasury	–	–	–	–	650	(3,457)	–	–	(3,457)
Cash dividends paid ($.045 per common share)	–	–	–	–	–	–	–	(586)	(586)
Net income for fiscal 1999	–	–	–		–	–	–	5,080	5,080
Balance at May 29, 1999	17,565	176	1,200	12	6,258	(9,913)	18,784	71,525	80,584
Purchases of common stock for treasury	–	–	–	–	293	(1,241)			(1,241)
Cash dividends paid ($.048 per common share)								(611)	(611)
Net loss for fiscal 2000								(17,379)	(17,379)
Balance at June 3, 2000	17,565	$176	1,200	$12	6,551	$(11,154)	$18,784	$53,535	$61,353

See accompanying notes.

Cal-Maine Foods, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

	Fiscal year ended		
	June 3 2000	May 29 1999	May 30 1998
Cash flows from operating activities			
Net income (loss)	$(17,379)	$ 5,080	$ 5,379
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	15,806	12,199	12,017
Provision for doubtful accounts	430	51	361
Deferred income taxes	(4,711)	(92)	805
Equity in income of affiliates	(130)	(357)	(294)
Gain on disposal of property, plant and equipment	(1,537)	(355)	(27)
Change in operating assets and liabilities, net of effects from purchases of shell egg production and processing businesses:			
Receivables and other assets	(3,821)	1,891	(321)
Inventories	1,420	5,967	3,675
Accounts payable, accrued expenses and deferred expenses	(1,144)	(317)	3,312
Net cash provided by (used in) operating activities	(11,066)	24,067	24,907
Cash flows from investing activities			
Purchases of property, plant and equipment	(27,922)	(15,911)	(14,831)
Purchases of shell egg production and processing businesses	(35,578)	(12,161)	(3,745)
Payments received on notes receivable and from investments	2,995	798	297
Increase in notes receivable and investments	(1,134)	(4,603)	(725)
Net proceeds from disposal of property, plant and equipment	1,668	5,122	898
Net cash used in investing activities	(59,971)	(26,755)	(18,106)
Cash flows from financing activities			
Net borrowings on note payable to bank	7,500	–	–
Long-term borrowings	40,295	13,135	35,800
Principal payments on long-term debt and capital leases	(4,563)	(11,332)	(24,738)
Purchases of common stock for treasury	(1,241)	(3,457)	(311)
Sales of common stock from treasury	–	–	89
Payments of dividends	(611)	(586)	(251)
Redemption of fractional shares of common stock	–	–	(1)
Net cash provided by (used in) financing activities	41,380	(2,240)	10,588
Increase (decrease) in cash and cash equivalents	(29,657)	(4,928)	17,389
Cash and cash equivalents at beginning of year	36,198	41,126	23,737
Cash and cash equivalents at end of year	$ 6,541	$ 36,198	$ 41,126

See accompanying notes.

1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Cal-Maine Foods, Inc. and its subsidiaries (the "Company") all of which are wholly-owned. All significant intercompany transactions and accounts have been eliminated in consolidation.

Business

The Company is engaged in the production, processing and distribution of shell eggs and livestock operations. The Company’s operations are significantly affected by the market price fluctuation of its principal products sold, shell eggs, and the costs of its principal feed ingredients, corn and other grains.

Primarily all of the Company's sales are to wholesale egg buyers in the southeastern, southwestern, mid-western and mid-Atlantic regions of the United States. Credit is extended based upon an evaluation of each customer's financial condition and credit history and generally collateral is not required. Credit losses have consistently been within management's expectations. One customer accounted for 10.5% of the Company's net sales in fiscal 2000 and no single customer accounted for more than 10% of the Company's net sales in fiscal 1999 or 1998.

Use of Estimates

The preparation of the consolidated financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

Inventories of eggs, feed, supplies and livestock are valued principally at the lower of cost (first-in, first-out method) or market.

The cost associated with flocks, consisting principally of chick purchases, feed, labor, contractor payments and overhead costs, are accumulated during a growing period of approximately 18 weeks. Flock costs are amortized over the productive lives of the flocks, generally one to two years.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives, which is 15 to 25 years for buildings and improvements and 3 to 12 years for machinery and equipment.

Impairment of Long-Lived Assets

The Company continually reevaluates the carrying value of its long-lived assets for events or changes in circumstances which indicate that the carrying value may not be recoverable. As part of this reevaluation, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposal. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized through a charge to operations.

Intangible Assets

Included in other assets are loan acquisition costs which are amortized over the life of the related loan and franchise fees which are amortized over ten years.

Revenue Recognition

Revenue is recognized when product is shipped to customers.

Income Taxes

Income taxes have been provided using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Stock Based Compensation

The Company accounts for stock option grants in accordance with APB Opinion No. 25, “Accounting for Stock Issued to Employees".

Net Income (Loss) per Common Share

Basic net income (loss) per share is based on the weighted average common shares outstanding. Diluted net income (loss) per share includes any dilutive effects of options and warrants.

Impact of Recently Issued Accounting Standards

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). The provisions of SFAS No. 133 and related amendments require all derivatives to be recorded on the balance sheet at fair value. SFAS No. 133 establishes "special accounting" for derivatives that are hedges. Derivatives that are not hedges must be adjusted to fair value through income. Management has not determined the effect of the adoption of this statement on the earnings and financial position of the Company when it becomes effective for fiscal 2002.

Fiscal Year

The Company's fiscal year-end is on the Saturday nearest May 31 which was June 3, 2000 (53 weeks), May 29, 1999 (52 weeks) and May 30, 1998 (52 weeks), for the most recent three fiscal years.

2. Acquisitions

In September 1999, the Company purchased substantially all of the assets and assumed certain liabilities of Smith Farms, Inc. and certain related companies ("Smith Farms") for cash of $36,205. The assets purchased were Smith Farms' egg production and processing businesses in Texas and Arkansas, and included approximately 3.9 million laying hens and growing pullets. The purchase price was allocated to the assets acquired and consisted primarily of accounts receivable, inventories and property, plant and equipment.

In May 1999, The Company purchased all of the issued and outstanding common stock of a shell egg production and processing business for $12,161, net of cash acquired. The purchase price was reduced by $627 in fiscal 2000 based upon the final tax accounting of the company acquired for the period prior to the acquisition. The purchase price was allocated based upon the fair value of the assets acquired and liabilities assumed resulting in goodwill of $3,633, which is being amortized on the straight-line method over 15 years.

In November 1997, the Company purchased certain operating assets of a shell egg production and processing business for $3,745.

Unaudited pro forma results of operations of the Company, including the companies acquired in fiscal 1999 and 2000, for the periods prior to its acquisition by the Company were as follows:

	Fiscal year ended	
	June 3 2000	**May 29 1999**
Net sales	$298,392	$362,507
Net income (loss)	(18,644)	5,334
Net income (loss) per basic share	(1.51)	.41
Net income (loss) per diluted share	(1.51)	.41

Pro forma results do not purport to be indicative of actual results had the acquisition been made at May 31, 1998 or the results that may occur in the future.

These acquisitions were accounted for by the purchase method of accounting. The operating results of these businesses acquired are included in the consolidated statements of operations of the Company for the periods subsequent to the acquisition dates.

3. Investment in Affiliates

The Company owns 50% of Cumberland Mills JV, Specialty Eggs LLC and Delta Eggs LLC and 41.5% of American Egg Products, Inc. at June 3, 2000. The Company owned 50% of BCM Egg Company ("BCM") a partnership, through May 2000, at which time the Company acquired the other 50% partnership interest. Investment in affiliates, recorded using the equity method of accounting, totaled $5,449 and $4,109 at June 3, 2000 and May 29, 1999, respectively. Equity in earnings of $130, $357 and $284, from these entities have been included in the consolidated statements of operations for fiscal 2000, 1999 and 1998, respectively. The Company purchased $2,589, $4,863 and $5,189 of eggs from BCM during each of those fiscal years, which represented a significant percentage of BCM's sales. Note receivable from affiliate at June 3, 2000 and May 29, 1999 consisted of a $271 and $2,500, respectively, demand note receivable from Delta Eggs LLC accruing interest at prime minus 1.00%.

4. Inventories

Inventories consisted of the following:

	June 3 2000	May 29 1999
Flocks	$ 28,417	$ 24,662
Eggs	2,417	2,471
Feed and supplies	10,028	7,847
Livestock	3,051	3,373
	$ 43,913	$ 38,353

5. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	June 3 2000	May 29 1999
Land and improvements	$ 31,074	$ 23,635
Buildings and improvements	81,989	65,985
Machinery and equipment	114,408	85,320
Construction-in-progress	9,627	9,414
	237,098	184,354
Less accumulated depreciation	88,961	74,443
	$148,137	$109,911

Depreciation expense was $15,349, $11,958 and $11,595 in fiscal 2000, 1999 and 1998, respectively.

6. Leases

Future minimum payments under non-cancelable operating leases that have initial or remaining non-cancelable terms in excess of one year at June 3, 2000 are as follows:

2001	$ 6,102
2002	5,348
2003	4,231
2004	3,995
2005	3,697
Thereafter	4,308
Total minimum lease payments	$ 27,681

Substantially all of the leases provide that the Company pay taxes, maintenance, insurance and certain other operating expenses applicable to the leased assets. The Company has guaranteed under certain operating leases the residual value of transportation equipment at the expiration of the leases. Rent expense was $7,044, $3,824 and $3,979 in fiscal 2000, 1999 and 1998, respectively. Included in rent expense are vehicle rents totaling $2,729, $1,777 and $1,876 in fiscal 2000, 1999 and 1998, respectively.

7. Credit Facilities and Long-Term Debt

Long-term debt consisted of the following:

	June 3 2000	May 29 1999
Note payable at 6.7%; due in monthly installments of $100, plus interest, maturing in 2009	$ 16,800	$18,000
Note payable at a variable rate (8.36% at June 3, 2000; due in quarterly installments of $350, plus interest, maturing in 2007	13,650	–
Note payable at 8.26%; due in monthly installments of $155 beginning in 2004, including interest, maturing in 2015	16,000	–
Series A Senior Secured Notes at 6.87%; due in annual principal installments of $1,917 beginning on December 2002 through 2009 with interest due semi-annually	11,500	11,500
Series B Senior Secured Notes at 7.18%; due in annual principal installments of $2,143 beginning in December 2003 through 2009 with interest due semi-annually	15,000	15,000
Industrial revenue bonds at 7.21%; due in monthly installments of $120, including interest, maturing in 2011	12,656	13,191
Note payable at 7.64%; due in monthly installments of $114, including interest, maturing in 2004	8,578	9,269
Note payable at 7.75%; due in monthly installments of $55, plus interest, maturing in 2004	6,070	6,675
Note payable at 8.25%; due in monthly installments of $79, including interest, maturing in 2004	3,086	3,747
Note payable at 7.64%; due in monthly installments of $75 beginning in July 2001, plus interest, maturing in 2009	8,550	2,850
Note payable at 7%; due in quarterly installments of $107, plus interest, maturing in 2009	6,000	1,405
Other	1,846	2,367
	119,736	84,004
Less current maturities	7,105	4,118
	$112,631	$79,886

The aggregate annual fiscal year maturities of long-term debt at June 3, 2000 are as follows:

2001	$ 7,105
2002	7,354
2003	9,396
2004	20,443
2005	9,797
Thereafter	65,641
	$119,736

The Company has a $35,000 line of credit with three banks of which $7,500 was outstanding at June 3, 2000. The line of credit is limited in availability based upon the levels of accounts receivable and inventories. The Company had $22,500 available to borrow under the line of credit at June 3, 2000. Borrowings under the line of credit bear interest at 1.5% above the federal funds rate or 1.5% above LIBOR, at the Company's option (8% at June 3, 2000). Facilities fees of 0.25% per annum are payable quarterly on the unused portion of the line.

Substantially all trade receivables and inventories collateralize the line of credit and property, plant and equipment collateralize the long-term debt. The Company is required, by certain provisions of the loan agreements, to maintain minimum levels of working capital and net worth; to limit dividends, capital expenditures and additional long-term borrowings; and to maintain various current and debt-to-equity ratios. Additionally, the chief executive officer of the Company, or his family, must maintain ownership of not less than 50% of the outstanding voting stock of the Company. At June 3, 2000 the Company did not meet certain financial covenant requirements of its line of credit agreement and substantially all of its long-term debt agreements. The Company has obtained amendments to the loan agreements or waivers of these requirements through June 3, 2001.

Interest of $8,770, $6,061 and $4,402 was paid during fiscal 2000, 1999 and 1998, respectively. Interest of $372, $450 and $615 was capitalized for construction of certain facilities during fiscal 2000, 1999 and 1998, respectively.

8. Employee Benefit Plans

The Company maintains a medical plan that is qualified under Section 401(a) of the Internal Revenue Code and not subject to tax under present income tax laws. Under its plan, the Company self-insures, in part, coverage for substantially all full-time employees with coverage by insurance carriers for certain stop-loss provisions for losses greater than $60 for each occurrence. The Company's expenses, including accruals for incurred but not reported claims, were approximately $2,610, $3,702 and $2,579 in fiscal 2000, 1999, and 1998, respectively.

The Company has a 401(k) plan which covers substantially all employees. Participants in the Plan may contribute up to the maximum allowed by Internal Revenue Service regulations. The Company does not make contributions to the 401(k)plan.

The Company has an employee stock ownership plan (ESOP) that covers substantially all employees. The Company has historically made contributions to the ESOP of 3% of participants' compensation, plus an additional amount determined at the discretion of the Board of Directors. Contributions may be made in cash or the Company's common stock. The contributions vest 20% annually beginning with the participant's third year of service. The Company's contributions to the plan were $932, $1,335 and $970 in fiscal 2000, 1999 and 1998, respectively.

The Company has deferred compensation agreements with certain officers for payments to be made over specified periods beginning when the officers reach age 65 or over as specified in the agreements. Amounts accrued for these agreements are based upon deferred compensation earned, discounted over the estimated remaining service life of each officer. Deferred compensation expense totaled $50 in fiscal 2000, 1999 and 1998.

9. Stock Option Plans

The Company has elected to follow APB No. 25 and related Interpretations in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under FASB Statement No. 123, *Accounting for Stock-Based Compensation*, requires use of option valuation models that were not developed for use in valuing employee stock options.

Pro forma information regarding net income and net income per share is required by FASB Statement No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for fiscal 2000: risk-free interest rate of 7%; dividend yield of 1%; volatility factor of the expected market price of the Company's common stock of .289, and a weighted-average expected life of the options of 5 years.

The weighted-average fair value of options granted during fiscal 1999 was $1.05. No options were granted in fiscal 1999 or 1998. The pro forma effect of the estimated fair value of the options granted in fiscal 2000 was insignificant to the consolidated net income (loss) and net income (loss) per share of the Company.

A summary of the Company's stock option activity and related information is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at June 1, 1997	528,000	$3.46
Exercised	(23,000)	3.42
Outstanding at May 30, 1998	505,000	3.47
Terminated	(471,000)	3.42
Outstanding at May 29, 1999	34,000	4.06
Granted	500,000	3.00
Terminated	(10,000)	3.42
Forfeited	(10,000)	3.00
Outstanding at June 3, 2000	514,000	3.06

The Company has reserved 800,000 shares under its 1993 Stock Option Plan. The options have ten-year terms and vest annually over five years beginning one year from the grant date. At June 3, 2000 and May 29, 1999, 272,000 shares, respectively, were available for grant under the 1993 plan.

The Company has reserved 500,000 shares under its 1999 Stock Option Plan, all of which were granted to officers and key employees in fiscal 2000. Each stock option granted under the 1999 Stock Option Plan was accompanied by the grant of a Tandem Stock Appreciation Right ("TSAR"). The options and TSARs have ten-year terms and vest annually over five years beginning one year from the grant date. Upon exercise of a TSAR, the related option is terminated and the holder will receive a cash payment from the Company equal to the excess of the fair market value of the Company's common stock and the option exercise price. Compensation expense of $95 applicable to the TSARs was recognized in fiscal 2000.

During fiscal 1999, the Company and certain employees agreed to terminate stock options to purchase an aggregate of 471,000 shares of the Company's common stock. In connection with the termination of the options, the Company paid $870 to those employees, which is recognized as compensation expense in fiscal 1999, based upon the difference between the fair value of the Company's common stock and the exercise price of the option.

The weighted average remaining contractual life of the options outstanding was 9 years at June 3, 2000. At June 3, 2000, 14,400 options, were exercisable.

10. Income Taxes

Income tax expense (benefit) consisted of the following:

	Fiscal year ended		
	June 3 2000	May 29 1999	May 30 1998
Current:			
Federal	$(4,599)	$ 2,749	$ 1,967
State	(323)	250	174
	(4,922)	2,999	2,141
Deferred:			
Federal	(4,478)	(80)	696
State	(233)	(12)	109
	(4,711)	(92)	805
	$(9,633)	$ 2,907	$ 2,946

Significant components of the Company's deferred tax liabilities were as follows:

	June 3 2000	May 29 1999
Deferred tax liabilities:		
Property, plant and equipment	$ 8,940	$ 7,450
Cash basis temporary differences	2,875	3,030
Inventories	11,464	10,057
Other	1,009	301
Total deferred tax liabilities	24,288	20,838
Deferred tax assets:		
Federal and state net operating loss carryforwards	7,797	–
Other	623	259
Total deferred tax assets	8,420	259
Net deferred tax liabilities	$15,868	$20,579

Effective May 29, 1988, the Company could no longer use cash basis accounting for its farming subsidiary because of tax law changes. The *Taxpayer Relief Act of 1997* provides that taxes on the cash basis temporary differences as of that date are generally payable over 20 years beginning in fiscal 1999 or in full in the first fiscal year in which there is a change in ownership control. The Company uses the farm-price method for valuing inventories for income tax purposes.

The differences between income tax expense (benefit) at the Company's effective income tax rate and income tax expense (benefit) at the statutory federal income tax rate were as follows:

	Fiscal year ended		
	June 3 2000	May 29 1999	May 30 1998
Statutory federal income tax (benefit)	$(9,184)	$2,715	$2,830
State income taxes (benefit), net	(367)	156	187
Other, net (benefit)	(82)	36	(71)
	$(9,633)	$2,907	$2,946

Federal and state income taxes of $1,342, $1,524 and $7,989 were paid in fiscal 2000, 1999 and 1998, respectively. Federal and state income taxes of $271, $237 and $1,090 were refunded in fiscal 2000, 1999 and 1998, respectively. The Company had net operating loss carryforwards of $21,600 at June 3, 2000 which expire in fiscal 2020.

11. Other Matters

The carrying amounts in the consolidated balance sheet for cash and cash equivalents, accounts receivable, notes receivable, investments and accounts payable approximate their fair value. The fair values for notes receivable and long-term debt are estimated using discounted cash flow analysis, based on the Company's current incremental borrowing rates for similar arrangements. The aggregate fair value of the long-term debt at June 3, 2000 was $114,750, as compared to its carrying value of $119,736.

The Company’s interest expense is sensitive to changes in the general level of U.S. interest rates. The Company maintains certain of its debt as fixed rate in nature to mitigate the impact of fluctuations in interest rates. Under its current policies, the Company does not use interest rate derivative instruments to manage its exposure to interest rate changes. A one percent (1%) adverse move (decrease) in interest rates would adversely affect the net fair value of the Company’s debt by $5.0 million at June 3, 2000. The Company is a party to no other market risk sensitive instruments requiring disclosure.

The Company issued warrants in fiscal 1997 to purchase 220,000 shares of its common stock to the underwriter of the initial public offering of the Company's common stock. The warrants are exercisable at $8.40 per share through December 2001.

The Company is the defendant in certain legal actions. It is the opinion of management, based on advice of legal counsel, that the outcome of these actions will not have a material adverse effect on the Company's consolidated financial position or operations.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years ended June 3, 2000, May 29, 1999 and May 30, 1998
(in thousands)

Description	Balance at Beginning of Period	Charged to Cost and Expense	Write-off of Accounts	Balance at End of Period
Year ended June 3, 2000:				
Allowance for doubtful accounts	$52	$430	$177	$305
Year ended May 29, 1999:				
Allowance for doubtful accounts	$361	$51	$360	$52
Year ended May 30, 1998:				
Allowance for doubtful accounts	$ 62	$ 361	$ 62	$ 361

Corporate Information

Corporate Offices
Cal-Maine Foods, Inc.
3320 Woodrow Wilson Drive
Post Office Box 2960
Jackson, Mississippi 39207
(601) 948-6813

Transfer Agent
SunTrust Bank, Atlanta
Corporate Trust Department
58 Edgewood Avenue, Room 225 Annex
Atlanta, Georgia 30303
(404) 588-7817

Independent Auditors
Ernst & Young LLP
One Jackson Place, Suite 400
188 East Capitol Street
Jackson, Mississippi 39201

Annual Meeting
10:00 a.m.
October 5, 2000
Cal-Maine Corporate Offices
3320 Woodrow Wilson Drive
Jackson, Mississippi

Form 10-K
The Form 10-K, including the financial statements and schedules thereto, for the year ended June 3, 2000, as well as other information about Cal-Maine Foods, Inc. may be obtained without charge by writing to Ms. Delores McMillin, Investor Relations, at the Company's corporate offices.

Stock Price Information
The Company's common stock trades on the Nasdaq National Market under the symbol CALM. The number of stockholders, including beneficial owners holding shares in nominee or "street" name, as of June 3, 2000, was approximately 1,700.

The following table shows quarterly high and low prices for the common stock for the past two fiscal years. National Market System quotations are based on actual sales prices.

	Stock Price	
Fiscal Year 1999	High	Low
First Quarter	\$ 5 7/8	\$ 4
Second Quarter	\$ 5 1/2	\$ 3 1/2
Third Quarter	\$ 5 7/16	\$ 4 1/8
Fourth Quarter	\$ 5 5/8	\$ 5 3/16

	Stock Price	
Fiscal Year 2000	High	Low
First Quarter	\$ 5 1/2	\$ 4 3/8
Second Quarter	\$ 4 7/8	\$ 3 11/32
Third Quarter	\$ 4 3/8	\$ 2 1/2
Fourth Quarter	\$ 4 3/32	\$ 3 1/4

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