
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 21, 2020

SANDERSON FARMS, INC.

(Exact name of registrant as specified in its charter)

Mississippi
(State or other jurisdiction
of incorporation)

1-14977
(Commission
File Number)

64-0615843
(I.R.S. Employer
Identification No.)

127 Flynt Road
Laurel, Mississippi
(Address of principal executive offices)

39443
(Zip Code)

(601) 649-4030

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$1 par value per share	SAFM	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 5 – Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers.

On October 21, 2020, the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Sanderson Farms, Inc. (the “Registrant”) took the following actions, in each case for the Registrant’s 2021 fiscal year:

- (1) The Committee approved a 1.5% merit salary increase for each of Lampkin Butts, President and Mike Cockrell, Chief Financial Officer, Chief Legal Officer and Treasurer; and a 3.0% merit salary increase for Timothy F. Rigney, Secretary and Controller, effective November 1, 2020, as follows:

<u>Name</u>	<u>Fiscal 2021 Salary</u>
Mr. Butts	\$ 763,104
Mr. Cockrell	\$ 653,928
Mr. Rigney	\$ 349,944

- (2) The Committee made the following awards, effective November 1, 2020, to the executive officers listed above and to Joe F. Sanderson, Jr., Chairman and Chief Executive Officer, under the Registrant’s long term equity incentive program:

<u>Name</u>	<u>Performance Shares</u>	<u>Shares of Restricted Stock</u>
Mr. Sanderson	20,500	20,500
Mr. Butts	5,750	5,750
Mr. Cockrell	4,500	4,500
Mr. Rigney	1,325	1,325

The form of restricted stock agreement to be used for the restricted stock awards noted above will be substantially similar to the form of agreement filed as Exhibit 10.14 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended October 31, 2013. The form of performance share agreement for the performance share awards noted above will be filed as an exhibit to the Registrant’s next Annual Report on Form 10-K. The following descriptions of the restricted stock and performance share agreements are necessarily not complete, and in each instance reference is made to the agreements themselves.

Restricted Stock Agreements

The form of restricted stock agreement provides for the grant of a specified number of shares of restricted stock to the participant as a reward for past service and as an incentive for the performance of future services and for no additional consideration, subject to the following terms and conditions:

- The restricted stock may not be sold or transferred during the restricted period except by will or inheritance.
- The restricted period lasts for four years, except that it ends and the shares fully and immediately vest in the event of the participant’s death or disability or a change of control of the Registrant. If the participant terminates employment after attaining eligibility for retirement before the end of the restricted period, a pro rata percentage of the shares will immediately vest based on the number of years of the restricted period during which the participant was employed with the Registrant (for example, if the participant retires after one year of the restricted period has passed, the participant would receive 25% of the shares and would forfeit the remainder; if the participant retires after two years of the restricted period has passed, the participant would receive 50% of the shares and would forfeit the remainder; and so on).
- Rights to the shares are forfeited if the participant’s employment terminates for any other reason prior to the end of the restricted period, or if the Board determines that the participant has engaged in specified detrimental conduct or activity while employed with the Registrant or in the two-year period following his or her voluntary termination or termination for cause. If a participant’s shares have already vested, he or she must repay the Registrant the fair market value of his or her shares that is specified in his or her restricted stock agreement.

- During the restricted period, the participant is entitled to vote the shares and receive dividends.

Performance Share Agreements

The form of performance share agreement provides for the grant of the right to receive shares of the Registrant’s common stock at the end of a restricted period, subject to the Registrant’s achievement of certain performance measures over the two-year performance period commencing November 1, 2020. The restricted period means the three fiscal years commencing on November 1, 2020. The performance criteria are based on a historical average of the Registrant’s performance over 29 two-year periods, dating back to the two-year period ending in 1991. A performance share award is granted as a reward for past service and as an incentive for the performance of future services and for no additional consideration, subject to the following terms and conditions:

- A participant can receive a target amount of shares based on the Registrant’s average return on equity (“ROE”) and a target based on the Registrant’s average return on sales (“ROS”) over the two-year period commencing November 1, 2020. It also establishes several possible percentages of those target awards that he or she could receive, depending on the Registrant’s actual performance measured at the end of the performance period. The performance criteria for the fiscal 2021 performance share awards are:

<u>Measure</u>	<u>Weight</u>	<u>Threshold (50% Payout)</u>	<u>Target (100% Payout)</u>	<u>Maximum (200% Payout)</u>
ROE	50%	8.0%	14.7%	23.5%
ROS	50%	1.8%	4.4%	7.0%

- The Registrant’s Board, in its sole discretion, may pay earned performance shares in the form of cash, in shares of common stock, or in a combination of cash or shares which has an aggregate fair market value equal to the value of the earned performance shares at the close of the applicable performance period.
- If the participant’s employment terminates because of death or disability or after attaining eligibility for retirement, or there has been a change in control of the Registrant before the end of the performance period, the participant will be entitled to receive, at the end of the restricted period, a pro rata portion of the number of performance shares to which he or she otherwise would have been entitled, based on the number of months he or she was employed with the Registrant during the performance period.
- Rights to the shares are forfeited if the participant’s employment terminates for any other reason prior to the end of the restricted period, or if the Board determines that the participant has engaged in specified detrimental conduct or activity while employed with the Registrant or in the two-year period following his or her voluntary termination or termination for cause. If a participant’s shares have already been issued, he or she must repay the Registrant their fair market value as of their issue dates.
- During the restricted period, the participant does not have any of the rights of a stockholder of the Registrant with respect to his or her performance shares, including the right to vote the performance shares and the right to receive any dividends or other distributions.
- A participant may not sell, exchange, transfer, pledge, hypothecate or otherwise dispose of his or her right to receive performance shares, other than by will or by the applicable laws of descent and distribution.

Section 7 – Regulation FD

Item 7.01 Regulation FD Disclosure.

On October 22, 2020, the Registrant’s Board of Directors extended to October 22, 2023, its stock repurchase program. The Board authorized the repurchase of up to 2.0 million shares of the Company’s common stock under the program. Repurchases, if any, will be made from time to time at prevailing prices in open market transactions or in privately negotiated purchases, subject to market conditions, share price and other considerations. The repurchase program was originally approved October 22, 2009, and extended on February 16, 2012, February 24, 2014, April 23, 2015, and May 31, 2018. The Company has repurchased 2,305,484 shares under this stock repurchase program since its inception. The repurchase program does not obligate the Company to make any repurchases. A copy of the press release announcing the extension of the repurchase program is furnished herewith as Exhibit 99.1.

In accordance with General Instruction B.2, the information contained in this Item 7.01 and the attached Exhibit 99.1 is being “furnished” to the SEC and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under such section. Furthermore, such information shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, unless specifically identified as being incorporated therein by reference.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sanderson Farms, Inc. dated October 22, 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sanderson Farms, Inc. dated October 22, 2020.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SANDERSON FARMS, INC.
(Registrant)

Date: October 26, 2020

By: /s/ D. Michael Cockrell

D. Michael Cockrell
Treasurer, Chief Financial Officer and Chief Legal Officer



Sanderson Farms, Inc.

GENERAL OFFICES

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Treasurer, Chief Financial Officer &
Chief Legal Officer
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SANDERSON FARMS, INC. **EXTENDS STOCK REPURCHASE PLAN**

LAUREL, Miss. (October 22, 2020) — Sanderson Farms, Inc. (NASDAQ: SAFM) today announced that its Board of Directors has extended its stock repurchase program to October 22, 2023. The Board authorized the repurchase of up to 2.0 million shares of the Company’s common stock under the program. Repurchases, if any, will be made from time to time at prevailing prices in open market transactions or in privately negotiated purchases, subject to market conditions, share price and other considerations. The repurchase program was originally approved October 22, 2009, and extended on February 16, 2012, February 24, 2014, April 23, 2015, and May 31, 2018. The Company has repurchased 2,305,484 shares under this stock repurchase program since its inception. The repurchase program does not obligate the Company to make any repurchases.

“Our stock repurchase program allows the Company to opportunistically acquire our shares, return capital to stockholders and offset dilution from our equity compensation programs,” stated Joe F. Sanderson, Jr., chairman and chief executive officer of Sanderson Farms, Inc. “At the same time, we continue to have sufficient capital to invest in our business and pursue growth opportunities that further enhance shareholder value.”

Sanderson Farms, Inc. is engaged in the production, processing, marketing and distribution of fresh, frozen and minimally prepared chicken. Its shares trade on the NASDAQ Global Select Market under the symbol SAFM.

This press release includes forward-looking statements within the meaning of the “safe harbor” provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on a number of assumptions about future events and are subject to various risks, uncertainties and other factors that may cause actual results to differ materially from the views, beliefs, projections and estimates expressed in such statements. These risks, uncertainties and other factors include, but are not limited to, those discussed under “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2019, and Quarterly Report on Form 10-Q for the quarter ended July 31, 2020, and the following:

- (1) Changes in the market price for the Company’s finished products and feed grains, both of which may fluctuate substantially and exhibit cyclical characteristics typically associated with commodity markets.
- (2) Changes in economic and business conditions, monetary and fiscal policies or the amount of growth, stagnation or recession in the global or U.S. economies, any of which may affect the value of inventories, the collectability of accounts receivable or the financial integrity of customers, and the ability of the end user or consumer to afford protein.
- (3) Changes in the political or economic climate, trade policies, laws and regulations or the domestic poultry industry of countries to which the Company or other companies in the poultry industry ship product, and other changes that might limit the Company’s or the industry’s access to foreign markets.
- (4) Changes in laws, regulations, and other activities in government agencies and similar organizations applicable to the Company and the poultry industry and changes in laws, regulations and other activities in government agencies and similar organizations related to food safety.

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- (5) Various inventory risks due to changes in market conditions, including, but not limited to, the risk that net realizable values of live and processed poultry inventories might be lower than the cost of such inventories, requiring a downward adjustment to record the value of such inventories at the lower of cost or net realizable value as required by generally accepted accounting principles.
- (6) Changes in and effects of competition, which is significant in all markets in which the Company competes, and the effectiveness of marketing and advertising programs. The Company competes with regional and national firms, some of which have greater financial and marketing resources than the Company.
- (7) Changes in accounting policies and practices adopted voluntarily by the Company or required to be adopted by accounting principles generally accepted in the United States.
- (8) Disease outbreaks affecting the production, performance and/or marketability of the Company's poultry products, or the contamination of its products.
- (9) Changes in the availability and cost of labor and growers.
- (10) The loss of any of the Company's major customers.
- (11) Inclement weather that could hurt Company flocks or otherwise adversely affect the Company's operations, or changes in global weather patterns that could affect the supply and price of feed grains.
- (12) Failure to respond to changing consumer preferences and negative or competitive media campaigns.
- (13) Failure to successfully and efficiently start up and run a new plant or integrate any business the Company might acquire.
- (14) Unfavorable results from currently pending litigation and proceedings or litigation and proceedings that could arise in the future.
- (15) Changes resulting from the COVID-19 pandemic, which could exacerbate any of the risks described above, and could include: high absentee rates that have prevented and may continue to prevent the Company from running some of its facilities at full capacity, or could in the future cause facility closures; an inability of contract poultry producers to manage their flocks; supply chain disruptions for feed grains; further changes in customer orders due to shifting consumer patterns; disruptions in logistics and the distribution chain for the Company's products; liquidity challenges; and a continued or worsening decline in global commercial activity, among other unfavorable conditions.

Readers are cautioned not to place undue reliance on forward-looking statements made by or on behalf of Sanderson Farms. Each such statement speaks only as of the day it was made. The Company undertakes no obligation to update or to revise any forward-looking statements. The factors described above cannot be controlled by the Company. When used in this press release or in the related conference call, the words "believes," "estimates," "plans," "expects," "should," "could," "outlook," and "anticipates" and similar expressions as they relate to the Company or its management are intended to identify forward-looking statements. Examples of forward-looking statements include statements of the Company's belief about future production levels, commodity market conditions, grain prices, supply and demand factors, global economic conditions, growth plans and other industry conditions.

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