



December 21, 2016

## **Sanderson Farms, Inc. Comments on Georgia Department of Agriculture's Suspension of Georgia Dock Price**

LAUREL, Miss.--(BUSINESS WIRE)-- Sanderson Farms, Inc. (NASDAQ: SAFM) today provided the following comments related to the Georgia Department of Agriculture's announcement this morning that it will indefinitely suspend the Georgia Dock weekly chicken-price index, an industry benchmark since 1972.

Sanderson Farms has priced a portion of the Company's production from its tray pack plants based on formulas that used the Georgia Dock Whole Bird price as its base. For fiscal 2016, 10.15 percent of the Company's overall product mix was priced using these formulas. For the past 40 years and until recently, the Georgia Dock price was seen as a fair reflection of the dynamics of the retail grocery store market for chicken.

The Company promptly notified its customers who are affected by this change, and the Company is committed to determining an appropriate pricing formula as quickly as possible. For the interim period until a new benchmark is established, Sanderson Farms and its customers have agreed on a pricing formula that is similar to what is already in place. As in the past, pricing formulas will be negotiated based on a customer's mix, location, volume and needs.

Commenting on the announcement, Joe F. Sanderson, Jr., chairman and chief executive officer stated, "Retail grocery tray pack products are important to our overall business, and we value our customer relationships in this market segment. With the suspension of the Georgia Dock, we are committed to working with these customers to find a new benchmark to use in beginning negotiations with our customers. It is important to note that regardless of the benchmark used, our negotiations with customers ultimately determine the price, and we believe our prices fairly and accurately reflect supply and demand dynamics. We have had positive conversations with our customers and do not expect this recent action to affect our business.

"We understand the Georgia Department of Agriculture will introduce a new index the week of January 4, 2017, with official reporting for the index expected to begin February 1, 2017. We believe they are going about determining the new system in the right way; being deliberate and getting input from every constituency group who is affected by the benchmark, including buyers, sellers, distributors, regulators and other interested parties," added Sanderson.

Sanderson Farms, Inc. is engaged in the production, processing, marketing and distribution of fresh and frozen chicken and other prepared food items. 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 the Private Securities Litigation Reform Act of 1995, 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 year ended October 31, 2016, 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, either 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.*

*(5) Various inventory risks due to changes in market conditions including, but not limited to, the risk that market 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 market 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 its operations, or changes in global weather patterns that could impact the supply and price of feed grains.*

*(12) Failure to respond to changing consumer preferences.*

*(13) Failure to successfully and efficiently start up and run a new plant or integrate any business the Company might acquire.*

*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", "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 its growth plans, future demand for its products, future poultry market prices, future prices for feed grains, future expenses and future production levels.*

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