

SANDERSON FARMS INC
Form SC 13G
February 12, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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SCHEDULE 13G

INFORMATION STATEMENT TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULES 13d-1 (b)
(c) AND (d) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2 (b)

SANDERSON FARMS, INC.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

800013104
(CUSIP Number)

December 31, 2013
(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1 (b)
- Rule 13d-1 (c)
- Rule 13d-1 (d)

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 800013104

13G

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NAME OF REPORTING PERSON

1

ALLIANZ GLOBAL INVESTORS U.S. HOLDINGS LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)

2

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

Delaware

5	SOLE VOTING POWER
NUMBER OF SHARES	0
BENEFICIALLY	6 SHARED VOTING POWER
OWNED BY EACH	0
REPORTING PERSON	7 SOLE DISPOSITIVE POWER
WITH	0
8	SHARED DISPOSITIVE POWER
	0

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,233,767

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

5.4%

TYPE OF REPORTING PERSON*

12

HC, OO

Item 1 (a) Name of Issuer:
SANDERSON FARMS, INC.

(b) Address of Issuer's Principal Executive Offices:
127 Flynt Rd
Laurel, MS 39443

Item 2 (a) Name of Person Filing:
Allianz Global Investors U.S. Holdings LLC ("AGI US Holdings")

(b) Address of Principal Business Office:
AGI US Holdings: 680 Newport Center Drive, Suite 250, Newport Beach, CA 92660

(c) Citizenship:
All filers are organized in Delaware

(d) Title of Class of Securities:
Common Stock

(e) CUSIP Number:
800013104

Item 3 If this statement is filed pursuant to Rule 13d-1(b), or 13d-2(b), check whether the person filing is a:

- (a) Broker or dealer registered under Section 15 of the Act;
- (b) Bank as defined in Section 3(a)(6) of the Act;
- (c) Insurance company as defined in Section 3(a)(19) of the Act;
- (d) Investment company registered under Section 8 of the Investment Company Act of 1940, as amended (the "Investment Company Act");
- (e) Investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f) Employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- (g) Parent holding company or control person, in accordance with 13d-1(b)(ii)(G);
- (h) Savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i) Church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;
- (j) A non-U.S. institution in accordance with §240.13d-1(b)(ii)(J); or
- (k) Group, in accordance with Rule 13d-1(b)(1)(ii)(K);

If filing as a non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J), please specify the type of institution

_____.

Item 4 Ownership.

- (a) Amount beneficially owned: 1,233,767
- (b) Percent of Class: 5.4%
- (c) Number of shares as to which such person has:
 - (i) Sole power to vote or direct the vote:
Allianz Global Investors Taiwan Ltd.: 108,524
Allianz Global Investors Europe GmbH: 25,259
NFJ Investment Group LLC: 917,565
Allianz Global Investors U.S. LLC: 152,814
 - (ii) Shared power to vote: 0
 - (iii) Sole power to dispose or direct the disposition of:
Allianz Global Investors Taiwan Ltd.: 108,524
Allianz Global Investors Europe GmbH: 46,096
NFJ Investment Group LLC: 926,333
Allianz Global Investors U.S. LLC: 152,814
 - (iv) Shared power to dispose or direct the disposition of: 0

Each of the entities named in this Item 4 (collectively, the “AGI Advisers”) is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, as amended, and a directly or indirectly wholly-owned subsidiary of AGI U.S. Holdings, except that Allianz Global Investors Taiwan Ltd. and Allianz Global Investors Europe GmbH, affiliates (but not subsidiaries) of AGI U.S. Holdings, are non-U.S. institutions as described in Item 3(j) and are also AGI Advisers.

The securities reported in this Schedule 13G are held by investment advisory clients or discretionary accounts of which an AGI Adviser is the investment adviser. When an investment management contract (including a sub-advisory agreement) delegates to an AGI Adviser investment discretion or voting power over the securities held in the investment advisory accounts that are subject to that agreement, AGI U.S. Holdings treats the AGI Adviser as having sole investment discretion or voting authority, as the case may be, unless the agreement specifies otherwise. Accordingly, each AGI Adviser reports on Schedule 13G that it has sole investment discretion and voting authority over the securities covered by any such investment management agreement. As a result, each AGI Adviser may be deemed to beneficially own the securities held by its clients or accounts within the meaning of rule 13d-3 under the Act. Because AGI U.S. Holdings is the parent holding company of the AGI Advisers that are its subsidiaries, it may be deemed to beneficially own the securities held by those AGI Advisers’ clients or accounts.

In accordance with SEC Release No. 34-39538 (January 12, 1998), this Schedule 13G reports the securities beneficially owned, or deemed to be beneficially owned, by certain subsidiaries and affiliates of AGI U.S. Holdings. It does not include securities, if any, beneficially owned by subsidiaries or affiliates of AGI U.S. Holdings whose ownership of securities is disaggregated from that of the AGI Advisers in accordance with that release.

AGI U.S. Holdings and the AGI Advisers believe that they do not constitute a “group” within the meaning of Rule 13d-5 under the Act and that they are not otherwise required to attribute to each other the beneficial ownership of the securities reported in this Schedule 13G held by any of them or by any persons or entities for whom or for which any AGI Adviser provides investment management services. Each of AGI Holdings U.S. and the AGI Advisers also disclaims beneficial ownership of these securities except to the extent of that filer’s pecuniary interest therein.

Item 5 Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following o.

Item 6 Ownership of More than Five Percent on Behalf of Another Person.

Each client of an AGI Adviser named in this Schedule 13G has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the securities reported herein. No one client holds more than five percent of such securities.

Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

See Items 3 and 4.

Item 8 Identification and Classification of Members of the Group.

Not Applicable.

Item 9 Notice of Dissolution of Group.

Not Applicable.

Item 10 Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Exhibits

None.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 11, 2014

ALLIANZ GLOBAL INVESTORS U.S. HOLDINGS LLC

By: /s/ Youse E. Guia
Director, Head of Compliance

in:0in 0in .0001pt;">

\$ 22,849

\$ 472,849

Robert P. Vogels
\$ 250,000

\$ 125,000

\$ 22,849

\$

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397,849

Robert B. Blakestad

\$

250,000

\$

125,000

\$

22,849

\$

397,849

Deborah J. Friedman

\$

160,000

\$

80,000

(4)

\$

240,000

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-
- (1) Reflects executive's annual salary for the year ending December 31, 2011.
- (2) Reflects target bonus amounts for the year ending December 31, 2011.
- (3) We currently pay 100% of group health insurance premiums for medical and dental benefits. Amounts shown reflect 12 months of such premiums at rates in effect at December 31, 2011.
- (4) Ms. Friedman is not employed by the Company and does not receive medical and dental benefits.

In addition, restrictions on unvested restricted shares will lapse upon termination by Golden Minerals of employment without cause, or as a result of the executive's death, disability or retirement. If the executive's employment terminates for any other reason, including for cause, prior to the scheduled vesting date of the restricted shares, the shares will be forfeited upon termination. The number of restricted shares held by each executive as of December 31, 2011 is shown above in the Outstanding Equity Awards at Fiscal Year-End Table.

For the purpose of our restricted share awards, retirement means an executive's retirement from Golden Minerals or its affiliates (i) on or after attaining age 55 and completing at least ten years of service, or (ii) on or after attaining age 62.

Termination in Connection with a Change of Control

We have entered into a Change of Control Agreement with each of our named executive officers. Payments under a Change of Control Agreement are in lieu of payments pursuant to our Severance Compensation Plan and are triggered only if one of the following events occurs within two years after a change of control: (1) termination of employment by us other than for cause, disability or death, or (2) termination of employment by the executive for good reason. Upon the occurrence of a change of control, all restricted stock will no longer be subject to restrictions, and all unvested options vest. The amounts shown in the table below assume the occurrence of a change of control and one of the triggering termination events on December 31, 2011. These amounts are estimates of the amounts that would have been paid to the named executive officers upon the occurrence of such events. Actual future amounts can only be determined at the time of the named executive officer's termination of employment. If payments made to the executive would subject the executive to the excise tax imposed by Section 4999 of the Internal Revenue Code, the executive would be entitled to receive an additional gross-up payment to cover the excise tax. Receipt of benefits upon termination is subject to the execution of a general release of claims by the named executive officer or his or her beneficiary.

	Cash Severance Payment (Salary)(1)	Cash Severance Payment (Bonus)(2)	Health Insurance Premiums(3)	Other Insurance Benefits(4)	Total
Jeffrey G. Clevenger	\$ 1,350,000	\$ 1,014,000	\$ 50,584	\$ 5,000	\$ 2,419,584
Jerry W. Danni	\$ 600,000	\$ 300,000	\$ 45,699	\$ 5,000	\$ 945,699
Robert P. Vogels	\$ 500,000	\$ 250,000	\$ 45,699	\$ 5,000	\$ 945,699
Robert B. Blakestad	\$ 500,000	\$ 250,000	\$ 45,699	\$ 5,000	\$ 795,699
Deborah J. Friedman	\$ 320,000	\$ 160,000		(5)	(5)\$ 480,00

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- (1) Mr. Clevenger is entitled to receive three times his annual base salary in effect at the date of the change of control. Each remaining named executive is entitled to receive two times his or her annual base salary in effect at the date of the change of control. At December 31, 2011, the annual base salary for Mr. Clevenger was \$450,000; for Mr. Danni, \$300,000; for Mr. Vogels, \$250,000; for Mr. Blakestad, \$250,000; and for Ms. Friedman, \$160,000. This amount must be paid in a lump sum within 10 business days after the date of termination of employment.
- (2) Mr. Clevenger is entitled to receive three times his target bonus amount pursuant to our Annual Incentive Plan and the remaining named executives are each entitled to receive two times their respective target bonus amounts pursuant to our Annual Incentive Plan. The target bonus for 2011 for each of the named executive officers is discussed above in Compensation Discussion and Analysis Components of our Compensation Program Annual Cash Bonus. This amount must be paid in a lump sum within 10 business days after the date of termination of employment.
- (3) We will pay, on each executive's behalf, the portion of premiums of the Company's group health insurance, including coverage for his or her eligible dependents, that Golden Minerals paid immediately prior to the date of

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termination (COBRA Payments) for the period that such executive is entitled to coverage under COBRA, but not to exceed 36 months for Mr. Clevenger and 24 months for the remaining named executives. We will pay such COBRA Payments for the executive's eligible dependents only for coverage for those dependents that were enrolled immediately prior to the date of termination. Our executive will continue to be required to pay that portion of the premium of his health coverage, including coverage for eligible dependents that he was required to pay as an active employee immediately prior to the date of termination. If the executive is for any reason not eligible for coverage under COBRA for the full 24 or 36 month period, as applicable, we will pay to the executive a lump sum in an amount equal to the product of (i) the amount of the COBRA payment paid on his behalf for the final month of the COBRA Period and (ii) the number of months by which the executive's period of COBRA coverage was less than 24 or 36 months, as applicable. Amounts shown in the table above are not discounted to present value.

(4) For the 24-month period immediately following the date of termination, we have agreed to provide to the executive, at a cost not to exceed an aggregate of \$5,000, life, disability, and accident insurance benefits substantially similar to those that the executive was receiving immediately prior to the termination of employment. For the purpose of the above table, we have assumed that a benefit in the aggregate amount of \$5,000 will be provided for the named executives.

(5) Ms. Friedman is not employed by the Company and does not receive insurance benefits.

Risk Management

The board has determined that risks arising from our compensation policies and practices for our executives and employees are not reasonably likely to have a material adverse effect on the Company. The Compensation Committee and board of directors assess our compensation policies and practices from time to time to ensure that the incentives provided in our compensation arrangements do not emphasize short-term risk taking at the expense of decisions likely to enhance stockholder value over the long-term.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Review of Related Person Transactions

We do not have a formal written policy for the review and approval of transactions with related parties. However, the Audit Committee Charter and our Code of Ethics and Business Conduct each provide guidelines for reviewing any related party transaction. In particular, the Audit Committee Charter requires that the Audit Committee review any transaction involving Golden Minerals and a related party at least once a year or upon any significant change in the transaction or relationship. Additionally, our Code of Ethics and Business Conduct prohibits conflicts of interest and provides non-exclusive examples of conduct that would violate the prohibition. If any of our employees are unsure as to whether a conflict of interest exists, the employee is instructed that he or she should consult with a specified compliance officer.

We annually require each of our directors and executive officers to complete a directors' and officers' questionnaire, respectively, that elicits information about related party transactions. Our board and legal counsel annually review all transactions and relationships disclosed in the directors' and officers' questionnaires, and the board makes a formal determination regarding each director's independence. If a director is determined to no longer be independent, such director, if he or she serves on any of the Audit Committee, the Corporate Governance and Nominating Committee, or the Compensation Committee, will be removed from such committee prior to (or otherwise will not participate in) any future meetings of the committee. If the transaction presents a conflict of interest, the board will determine the appropriate response.

Arrangement with Ms. Friedman

Since May 2009, Deborah Friedman has devoted approximately half of her time to service as our Senior Vice President, General Counsel and Corporate Secretary and approximately half of her time to her legal practice at Davis Graham & Stubbs LLP where she is a partner. We currently pay a monthly flat fee retainer of \$13,333 to the firm for approximately one-half of Ms. Friedman's time spent serving as Senior Vice President, General Counsel and Corporate Secretary, which the firm subsequently remits to Ms. Friedman, and we pay her customary hourly rate to the firm for any time spent by Ms. Friedman in excess of that threshold. Although she is a named executive

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officer of the Company for reporting purposes under the Securities Exchange Act of 1934, Ms. Friedman is not employed by the Company.

We paid approximately \$830,000 to Davis Graham & Stubbs LLP for legal services rendered by various attorneys in the firm during 2011, not including Ms. Friedman's monthly retainer payments. We have been advised that this amount represented a de minimis amount of the firm's total revenue for that period. Through March 30, 2012, we have awarded to Ms. Friedman pursuant to our 2009 Equity Incentive Plan a total of 52,600 shares of restricted common stock and 10,000 stock options.

Indemnification Agreements with Officers and Directors

We have entered into an indemnification agreement with each of our directors and officers. The indemnification agreements require us to indemnify our directors and officers to the fullest extent permitted under Delaware law.

OWNERSHIP OF COMMON STOCK

The following table contains information about the beneficial ownership (unless otherwise indicated) of our common stock as of March 30, 2012 by:

- each person known by us to beneficially hold 5% or more of our outstanding common stock,

- each of our directors,

- each of our executive officers, and

- all of our executive officers and directors as a group.

All information is taken from or based upon ownership filings made by such persons with the Securities and Exchange Commission or upon information provided by such persons to us. Except as otherwise noted, we believe that all of the persons and groups shown below have sole voting and investment power with respect to the common stock indicated. Percentage computations are based on 35,709,035 shares of our common stock outstanding as of March 30, 2012.

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Directors, Executive Officers and 5% Stockholders of Golden Minerals(1)	Beneficial Ownership as of March 30, 2012	
	Number	Percentage
Sentient Executive GP III, Limited(2)	7,057,940	19.77%
Jeffrey G. Clevenger(3)	313,756	*
W. Durand Eppler(4)	33,244	*
Ian Masterton-Hume(5)	22,244	*
Michael T. Mason(6)	36,871	*
Kevin R. Morano(7)	22,244	*
Terry M. Palmer(8)	23,244	*
David H. Watkins(9)	27,844	*
Jerry W. Danni(10)	92,875	*
Deborah J. Friedman(11)	56,100	*
Robert P. Vogels(12)	79,831	*
Warren M. Rehn(13)	24,000	*
Directors and Executive Officers as a group (11 persons)(14)	729,053	2.04%

* The percentage of common stock beneficially owned is less than 1%.

- (1) The address of these persons, unless otherwise noted, is c/o Golden Minerals Company, 350 Indiana Street, Suite 800, Golden, Colorado 80401.
- (2) This information is based on a Schedule 13D/A-3 filed on October 11, 2011 by Sentient Global Resources Fund III, L.P. (Fund III), SGRF III Parallel I, L.P. (Parallel I), Sentient

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Executive GP III, Limited (Sentient Executive III), Sentient Global Resources Fund IV, L.P. (Fund IV) and Sentient Executive GP IV, Limited (Sentient Executive IV). Fund III and Parallel I are both Cayman Islands limited partnerships and beneficially own 3,582,746 and 357,044 shares of our common stock, respectively. The sole general partner of Fund III and Parallel I is Sentient GP III, L.P. (GP III). The sole general partner of GP III is Sentient Executive III, which is a Cayman Islands exempted company. Fund IV is a Cayman Islands limited partnership and owns 3,118,150 shares of our common stock. The sole general partner of Fund IV is Sentient GP IV, L.P. (GP IV), which is a Cayman Islands limited partnership. The sole general partner of GP IV is Sentient Executive IV, which is a Cayman Islands exempted company. Peter Cassidy, Greg Link and Susanne Sesselman are the directors of Sentient Executive III and Sentient Executive IV. The address of the principal offices of the reporting persons (Fund III, Parallel I, Sentient Executive III, Fund IV and Sentient Executive IV) is: Landmark Square, 1st Floor, 64 Earth Close, West Bay Beach South, P.O. Box 10795, George Town, Grand Cayman KY1-1007, Cayman Islands.

- (3) Consists of 180,056 shares held directly, 75,000 shares of restricted stock, 55,500 stock options, all of which are vested, and 3,200 shares of common stock owned by Mr. Clevenger's spouse for which he disclaims beneficial ownership.
- (4) Consists of 18,000 shares held directly, 12,182 restricted stock units, all of which are vested, and 3,062 stock options, all of which are vested.
- (5) Consists of 7,000 shares held directly, 12,182 restricted stock units, all of which are vested, and 3,062 stock options, all of which are vested.
- (6) Consists of 4,250 shares held directly, 2,871 restricted stock units, all which are vested, and 29,750 stock options, all of which are vested.
- (7) Consists of 7,000 shares held directly, 12,182 restricted stock units, all of which are vested, and 3,062 stock options, all of which are vested.
- (8) Consists of 8,000 shares held directly, 12,182 restricted stock units, all of which are vested, and 3,062 stock options, all of which are vested.
- (9) Consists of 12,600 shares held directly, 12,182 restricted stock units, all of which are vested, and 3,062 stock options, all of which are vested.
- (10) Consists of 47,875 shares held directly, 27,000 shares of restricted stock, and 18,000 stock options, all of which are vested.
- (11) Consists of 31,100 shares held directly, 15,000 shares of restricted stock, and 10,000 stock options, all of which are vested.
- (12) Consists of 43,831 shares held directly, 21,000 shares of restricted stock, and 15,000 stock options, all of which are vested.
- (13) Mr. Rehn was appointed Vice President of Exploration and Chief Geologist effective February 13, 2012. Amount consists of 24,000 shares of restricted stock.
- (14) Consists of 356,512 shares held directly, 3,200 shares held indirectly, 162,000 shares of restricted stock, none of which are vested, 63,781 shares of restricted stock units, all of which are vested and 143,560 stock options, all of which are vested.

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REPORT OF THE COMPENSATION COMMITTEE

The following Report of the Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report.

The Compensation Committee of the board of directors has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K. The Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in the registrant's Proxy Statement on Schedule 14A.

Submitted by the Members of the Compensation Committee:

Kevin R. Morano, Chairman

Ian Masterton-Hume

David H. Watkins

REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report.

The Audit Committee is currently comprised of Terry M. Palmer (Chairman), W. Durand Eppler and David H. Watkins. The Audit Committee is responsible for overseeing and evaluating the Company's financial reporting process on behalf of the board of directors, selecting and retaining the independent auditors, and overseeing and reviewing the internal audit function of the Company.

Management has the primary responsibility for the Company's financial reporting process, accounting principles, and internal controls, as well as preparation of the Company's financial statements in accordance with generally accepted accounting principles in the United States (GAAP). The independent auditors are responsible for performing an audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing reports thereon. The Audit Committee is responsible for overseeing the conduct of these activities. It is not the Audit Committee's duty or responsibility to conduct auditing or accounting reviews or procedures or to independently verify the representations made by management and the independent auditors. The Audit Committee's considerations and discussions with management and the independent auditors do not assure that the Company's financial statements are presented in accordance with GAAP or that an audit of the annual financial statements has been carried out in accordance with the standards of

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the Public Company Accounting Oversight Board (United States), or that the independent auditors are, in fact, independent.

The Audit Committee has met and held discussions with management and the independent auditors on a regular basis. The Audit Committee plans and schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its responsibilities. The Audit Committee's meetings include, whenever appropriate, executive sessions with the independent auditors without the presence of the Company's management. The Audit Committee has reviewed and discussed with both management and the independent auditors the Company's consolidated financial statements as of and for the year ended December 31, 2011, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements. Management advised the Audit Committee that the financial statements were prepared in accordance with GAAP. The Audit Committee has relied on this representation, without independent verification, and on the representations of the independent auditors included in their report on the consolidated financial statements.

The Audit Committee discussed with the independent auditors the matters required to be discussed pursuant to Statement of Auditing Standards No. 114, The Auditor's Communication With Those Charged With

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Governance, as amended by Statement of Auditing Standards No. 89, Audit Adjustments and Statement of Auditing Standards No. 90, Audit Committee Communications. The independent auditors have provided to the Audit Committee the written disclosures and the letter required by Public Company Accounting Oversight Board (PCAOB) Rule 3526, Communication with Audit Committees Concerning Independence, and the Audit Committee has discussed with the independent auditors their independence. The Audit Committee has also considered whether the independent auditors' provision of other non-audit services to the Company is compatible with maintaining auditor independence. The Audit Committee has concluded that the provision of non-audit services by the independent auditors was compatible with the maintenance of independence in the conduct of their auditing functions.

Based upon its review and discussions with management and the independent auditors and the reports of the independent auditors, and in reliance upon such information, representations, reports and opinions, the Audit Committee recommended that the board of directors approve the audited financial statements for inclusion in the Company's annual report on Form 10-K for the year ended December 31, 2011, and the board of directors accepted the Audit Committee's recommendations.

Submitted by the Members of the Audit Committee:

Terry M. Palmer, Chairman

W. Durand Eppler

David H. Watkins

OTHER INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities and to furnish us with copies of such reports. Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to Golden Minerals during the most recent fiscal year, no person who at any time during the fiscal year was a director, officer, or beneficial owner or more than 10% of any class of equity securities of Golden Minerals failed to file on a timely basis, as disclosed in the above forms, reports required by Section 16(a) of the Exchange Act during the most recent fiscal year, except for the following:

- W. Durand Eppler, Ian Masterton-Hume, Kevin R. Morano, Terry M. Palmer and David H. Watkins were granted restricted stock units on May 19, 2011 and the Forms 4 reporting the transactions were filed on May 24, 2011.

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- Robert B. Blakestad, Jeffrey G. Clevenger, Jerry W. Danni and Robert P. Vogels surrendered shares to the company in payment of tax liabilities in connection with the vesting of their restricted common stock upon the closing of ECU Transaction on September 2, 2011. The Forms 4 reporting the transactions were filed on September 12, 2011.

Stockholder Proposals

Stockholders may present proposals for stockholder action in our proxy statement where such proposals are consistent with applicable law, pertain to matters appropriate for stockholder action and are not properly omitted by our action in accordance with the proxy rules. Stockholder proposals prepared in accordance with the proxy rules must be received by us on or before December 14, 2012 to be included in our proxy statement for the annual meeting of stockholders in 2013. In addition, in accordance with our Bylaws, if a stockholder proposal is neither received by us between January 24, 2013 and the close of business on February 23, 2013, it will not be considered or voted on at the annual meeting. Our Bylaws also contain other procedures to be followed for stockholder proposals for stockholder action, including the nomination of directors.

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OTHER MATTERS

Our management and the board of directors know of no other matters to be brought before the annual meeting. If other matters are presented properly to the stockholders for action at the annual meeting and any postponements and adjournments thereof, it is the intention of the proxy holders named in the proxy to vote in their discretion on all matters on which the common stock represented by such proxy are entitled to vote.

You are urged to complete, sign, date and return your proxy promptly. You may revoke your proxy at any time before it is voted. If you attend the annual meeting, as we hope you will, you may vote your shares in person.

By order of the Board of Directors,

Deborah J. Friedman,
Corporate Secretary

Our Annual Report on Form 10-K filed with the Securities and Exchange Commission (including exhibits) may be obtained at no charge by any stockholder entitled to vote at the annual meeting who writes to: Jerry Danni, Golden Minerals Company, 350 Indiana Street, Suite 800, Golden, Colorado 80401.

