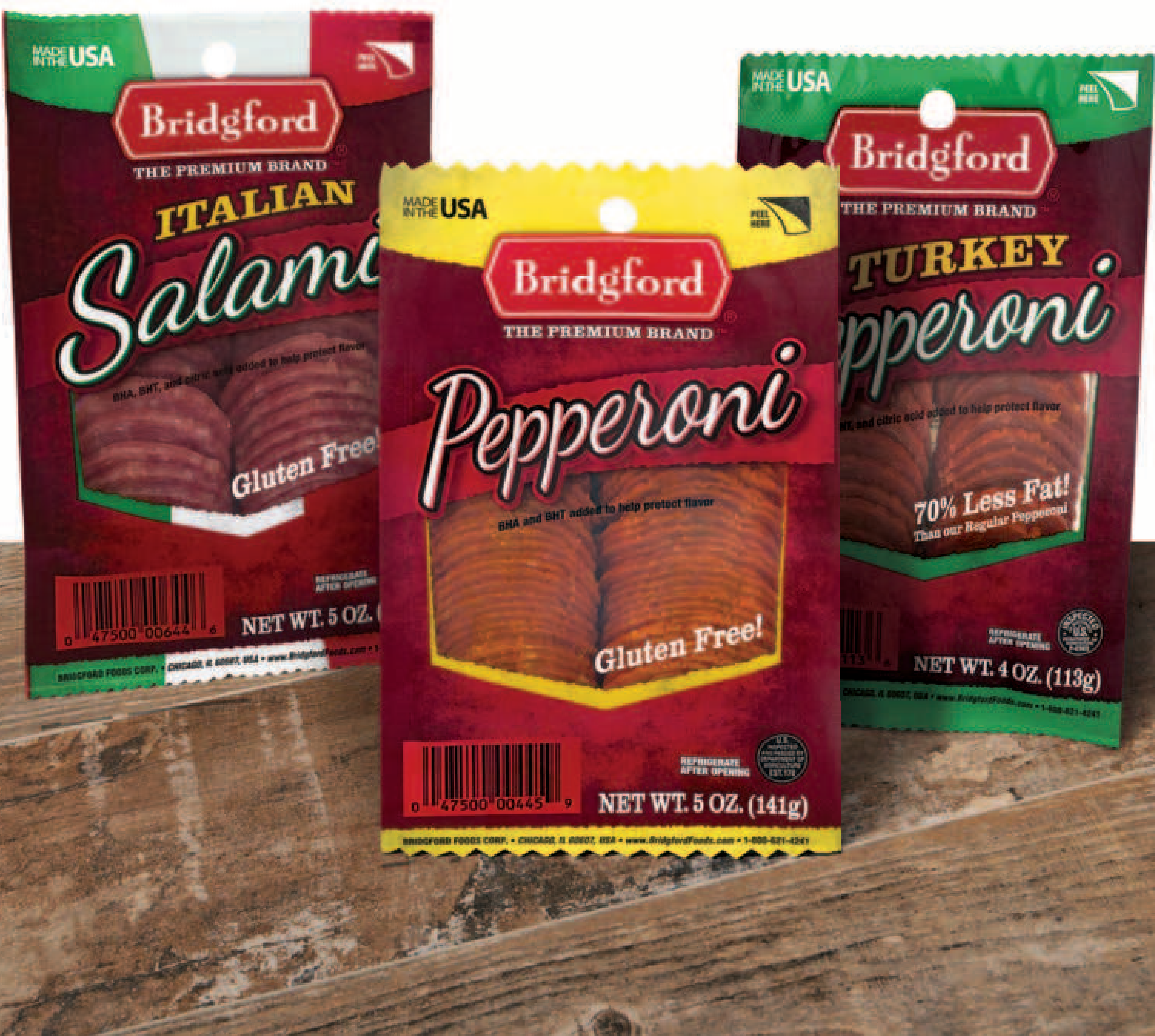
THE PREMIUM BRAND™

# ANNUAL REPORT 2018

Notice of 2019 Annual Meeting and Proxy Statement



# TO OUR SHAREHOLDERS

2018 was another successful year for Bridgford Foods Corporation. Strong growth in our marketing efforts, fine-tuning of our manufacturing operations, and changes in tax regulations will positively affect the future of our business. Sales during the 2018 fiscal year were up 4.2% at $174,257,000, despite having one less week in the 2018 fiscal year. Net income before taxes was $12,813,000, virtually even with the prior year and equal to $1.41 per share. After taxes, the company reported net income of $6,517,000, equal to $.72 per share.

## SALES AND MARKETING HIGHLIGHTS

In our Chicago Dry Sausage and Meat Snack Division, we continue to leverage the advantage our Direct Store Delivery system gives us in the marketplace. Under the direction of Corporate Vice President Chris Cole, our skilled team of professional salespeople enables us to provide unparalleled service to our growing retail customer base. Thanks to the efforts of Division Vice President Baron Bridgford II, we have expanded further into the foodservice arena as well. Among our new product offerings is a tasty line of Smokehouse Sausage Sticks, providing a nice complement to Bridgford Sweet Baby Ray's Beef Jerky in the meat snack aisle.

The major thrust of our marketing efforts in the Chicago division is our support of the Bridgford Pro Fishing Team. Led by Team Captain Randy Blaukat, the team's performance in 2018 was outstanding both on and off the water, with numerous Top-20 finishes including one win on the professional circuit. We currently sponsor seven anglers throughout the year, and collectively they have over 200,000 fans on various social media platforms, providing a great showcase for Bridgford products and for our brand. In addition to making many appearances at nearby retailers in conjunction with competitions, our team is now participating in our direct selling effort to our customers and is having great success generating additional business. We look forward to our continued involvement with America's most popular participation sport.

In our foodservice bread division, we have successfully launched our re-formulated Frozen Dough Biscuit, and it is selling well. We have also introduced a line of Island Sweet Rolls in both baked and frozen dough formats. Rising minimum wage laws are generating new opportunities for us as operators look to control their labor costs, and our products allow them to achieve this while simultaneously maintaining or improving the quality and freshness of their bread offerings.

2018 was an exciting year for our Shelf-Stable Sandwich business, as many years of diligent marketing efforts culminated in a significant increase in volume. Though the bulk of the business is institutional, we made notable inroads with various retailers, including national outdoors-oriented sporting goods chains. The highlight of the year was the introduction of our Shelf-Stable Pepperoni Pizza after years of development, and it has had a great reception from the U.S. Military, among others.

We continue to emphasize our products and our brand on social media. While Facebook remains the major driver, other sites such as Pinterest and Instagram increasingly provide an interactive, word-of-mouth experience for our customers. Nutrition Specialist and Home Economist Jean Moore and Social Media and Marketing Specialist Chrystin Nevarez continue to do a tremendous job of keeping abreast of current food trends and relating to our target audience through beautiful photography and fun video content. We are also utilizing the blogger/influencer community to reach a wider audience. The various platforms in the digital world will continue to play a major role in the Company's marketing program for years to come.

## OPERATIONS

Commodity costs affecting our business were relatively stable in 2018, and despite the tumultuous political landscape there are currently no indications that things will change dramatically in 2019. Throughout 2018 we continued the renovation of our 44th St. facility in Chicago, and we expect to commence production operations there during the second quarter of the current fiscal year. The final phase of this project should be completed during the 2020 fiscal year. We were able to achieve SQF certification at our existing Green St. facility during the year, a remarkable accomplishment considering the age of the facility. A small parcel of land adjacent to our Green St. facility was sold during the year as it was no longer being utilized, and we will evaluate our options for our remaining property at Green St. when and if it is no longer needed for production. Baron R.H. Bridgford, President of Bridgford Foods of Illinois, and his sons Brian and Richard have done an outstanding job of managing our Chicago business during a chaotic year!

In the frozen food division, our Superior Foods facility increased its capacity to produce pre-baked and frozen items such as bread sticks and cinnamon rolls in response to trends in the foodservice industry. Sales of their foodservice Monkey Bread products reached new highs with widely varied applications including a dessert item in a major restaurant chain, hotel/motel buffets, and as part of group rations for the military. The increase in sales in our Shelf-Stable Sandwich division led us to transition our Statesville plant out of frozen dough manufacturing; it is now dedicated to producing shelf-stable sandwiches, wraps and pizza. Our Frozen-Rite plant in Dallas will pick up the slack on the frozen dough side. Our outstanding team of managers, Monty Griffith in Statesville, Jeff Robinson in Anaheim, Blaine Bridgford at Superior Foods in Dallas, and Joe deAlcuaz at Frozen-Rite, deserve credit for our continuing success in this competitive business.

## FINANCIAL MATTERS

Our working capital totaled $34,849,000 at November 2, 2018, $4,730,000 (12.0%) lower than at the beginning of the fiscal year, and our working capital ratio decreased to 2.9 to 1 at November 2, 2018, compared to 3.4 to 1 at November 3, 2017. The decrease in working capital resulted from significant capital expenditures which included approximately $16,140,000 related to renovation and expansion of our 44th St. facility in Chicago. Projected contributions totaling $1,150,000 were recorded as a current liability related to our defined benefit pension plan at November 2, 2018, and we contributed a total of $3,150,000 toward this plan during the 2018 fiscal year. The defined benefit plan was frozen in the 3rd quarter of 2006 and replaced with a 401(k) defined contribution plan.

We maintain a line of credit with Wells Fargo Bank in the amount of $7,500,000 which expires March 1, 2020. The Company did not borrow under this line of credit during fiscal 2018 and had no borrowings outstanding as of November 2, 2018. On December 26, 2018, we entered into a master collateral loan and security agreement with Wells Fargo Bank, N.A for up to $15,000,000 in equipment financing. Pursuant to the loan agreement, we borrowed $7,500,000 to purchase specific equipment for our new Chicago processing facility at a fixed rate of 4.13% per annum. The loan term is seven years and is secured by the purchased equipment. The funds were received on December 28, 2018.

Shareholders' equity totaled $65,680,000, an increase of $9,642,000 (17.2%) compared to the end of the prior year. Net income from operations of $12,813,000, which included a $6,236,000 gain on sale of property, was a significant component of this change. We benefited from a reduction in the US corporate tax rate from 35% to 21% as a result of the Tax Cuts and Jobs Act. This change resulted in a blended corporate tax rate of 23.07% in fiscal year 2018 and 21% thereafter. The impact of tax reform reduced our deferred tax assets and this revaluation was recorded as a one-time charge to our income tax provision totaling $3,059,000 in fiscal 2018.

Our frozen defined benefit pension recognized a gain of $3,610,000 in Shareholders' equity. This gain resulted primarily from an increase in the Citigroup Pension Liability Index from 3.65% in fiscal year 2017 to 4.30% in fiscal year 2018. This rate is used to compute the present value of our defined benefit pension obligations.

We did not repurchase any shares of the Company's common stock during 2018. Approximately 120,000 shares of the Company's common stock remain available for repurchase under the 2 million share repurchase plan previously authorized by the Board of Directors. Shareholders' equity per share was $7.24 at November 2, 2018 compared to $6.17 at November 3, 2017.

Management assessed the effectiveness of the Company's internal control over financial reporting for the fiscal year ended November 2, 2018. We believe our control systems remain effective. Management's Report on Internal Controls over Financial Reporting is included in the Form 10-K report. No significant weaknesses in internal accounting control, to the extent identified, were unresolved at the conclusion of the 2018 fiscal year.

## SUMMARY

We are very appreciative of the support our Company receives from our customers, our vendors, and our associates. We remain optimistic about the future of our business, particularly as the next generation of managers takes a greater role in making the critical decisions that will guide that future. 2019 should be another exciting year, and we look forward to reporting on our achievements a year from now!

Respectfully,

William L. Bridgford
Chairman

John V. Simmons
President

Raymond F. Lancy
Chief Financial Officer

January 11, 2019

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

# FORM 10-K

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

**For the fiscal year ended November 2, 2018**

**Commission file number: 000-02396**

# BRIDGFORD FOODS CORPORATION

(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| **California** | **95-1778176** |
| (State of incorporation) | (I.R.S. Employer Identification No.) |

**1308 North Patt Street**
**Anaheim, California 92801**
(Address of principal executive offices)
**(714) 526-5533**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: Common Stock, par value $1.00 per share, the NASDAQ Stock Market LLC.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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 whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

| | |
|---|---|
| Large accelerated filer [ ] | Accelerated filer [ ] |
| Non-accelerated filer [ ] | Smaller reporting company [X] |
| | 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. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

The aggregate market value of voting stock held by non-affiliates of the registrant on April 20, 2018 was $24,940,000.

As of January 18, 2019, there were 9,076,832 shares of common stock outstanding.

Portions of the registrant's Proxy Statement for the registrant's Annual Meeting of Shareholders to be held March 13, 2019 (the "Proxy Statement") are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

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## PART I

### Item 1. Business

*This Annual Report on Form 10-K (this "Report") contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and Bridgford Foods Corporation intends that such forward-looking statements be subject to the safe harbors created thereby. Readers are cautioned that such statements, which may be identified by words including "anticipates," "believes," "intends," "estimates," "expects," and similar expressions, are only predictions or estimations and are subject to known and unknown risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding the following: general economic and business conditions; the impact of competitive products and pricing; success of operating initiatives; development and operating costs; advertising and promotional efforts; adverse publicity; acceptance of new product offerings; consumer trial and frequency; changes in business strategy or development plans; availability, terms and deployment of capital; availability of qualified personnel; commodity, labor, and employee benefit costs; changes in, or failure to comply with, government regulations; weather conditions; construction schedules; relationships with customers and suppliers; and other factors referenced in this Report.*

*The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding our business, which involve judgments with respect to, among other things, future economic and competitive conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, actual results may differ materially from those set forth in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as representation by us or any other person that the objectives or plans of our company will be achieved. The forward-looking statements contained herein speak as of the date of this Report and we undertake no obligation to update such statements after the date hereof.*

#### Background of Business

Bridgford Foods Corporation (collectively with its subsidiaries, "Bridgford", the "Company", "we", "our"), a California corporation, was organized in 1952. We originally began operations in 1932 as a retail meat market in San Diego, California and evolved into a meat wholesaler for hotels and restaurants, a distributor of frozen food products, a processor and packer of meat, and a manufacturer and distributor of frozen food products for sale on a retail and wholesale basis. Currently, we and our subsidiaries are primarily engaged in the manufacturing, marketing and distribution of an extensive line of frozen and snack food products throughout the United States. We have not been involved in any bankruptcy, receivership, or similar proceedings since inception nor have we been party to any merger, acquisition, etc. or acquired or disposed of any material amounts of assets during the past five years other than those discussed in Item 7 of this Report. Substantially all of our assets have been acquired in the ordinary course of business.

#### Description of Business

Bridgford Foods Corporation currently operates in two business segments - the processing and distribution of frozen food products and the processing and distribution of snack food products. For information regarding the separate financial performance of the business segments refer to Note 7 of the Notes to Consolidated Financial Statements included in this Report.

The following table shows sales, as a percentage of consolidated sales, for each business segment during the last two fiscal years:

| | 2018 | 2017 |
|---|---|---|
| Frozen Food Products | 27% | 29% |
| Snack Food Products | 73% | 71% |
| | 100% | 100% |

We manufacture nearly all of our food products and distribute an extensive line of biscuits, bread dough items, roll dough items, dry sausage products and beef jerky. Our direct store delivery network consists of non-refrigerated snack food products. Our frozen food products division serves both food service and retail customers.

Although we have recently introduced several new products, most of these products have not contributed significantly to our revenue growth for the fiscal year 2018. Our sales are not subject to material seasonal variations. Historically we have been able to respond quickly to the receipt of orders and, accordingly, do not maintain a significant sales backlog. Neither Bridgford Foods Corporation nor its industry generally has unusual demands or restrictions on working capital items. During the last fiscal year, we did not enter into any new markets or any significant contractual or other material relationships.

**Availability of SEC Filings and Code of Conduct on Internet Website**

We maintain an Internet website at www.bridgford.com. Available on this website, free of charge, are annual reports on Form 10-K, quarterly reports on Form 10-Q, and reports filed under Section 16 of the Securities Exchange Act of 1934 which we file with the Securities and Exchange Commission. Our Code of Conduct is also available on the website.

**Product Distribution Methods**

Our products are delivered to customers using several distinct distribution channels. The distribution channel utilized is dependent upon the needs of our customers, the most efficient proximity to the delivery point, trade customs, and operating segment as well as product type, life and stability. Among our customers are many of the country's largest broadline and specialty food service distributors. These and other large end purchasers occasionally go through extensive qualification procedures and our manufacturing capabilities are subjected to thorough review by the end purchasers prior to our approval as a vendor. Large end purchasers typically select suppliers that can consistently meet increased volume requirements on a national basis during peak promotional periods. We believe that our manufacturing flexibility, national presence, and long-standing customer relationships should allow us to compete effectively with other manufacturers seeking to provide similar products to our current large food service end purchasers, although no assurances can be given.

The factors that contribute to higher or lower margins generated from each method of distribution depend upon the accepted selling price, level of involvement by our employees in setting up and maintaining displays, distance traveled, and fuel consumed by our company-owned fleet as well as freight and shipping costs depending on the distance the product travels to the delivery point. Management is continually evaluating the profitability of product delivery methods, analyzing alternate methods and weighing economic inputs to determine the most efficient and cost-effective method of delivery to fulfill the needs of our customers.

**Major Product Classes**

**Frozen Food Products**

Our frozen food products division serves both food service and retail customers. We sell approximately 140 unique frozen food products through approximately 1,190 wholesalers, cooperatives and distributors.

**Frozen Food Products – Food Service Customers**

The food service industry is composed of establishments that serve food outside the home and includes restaurants, the food operations of health care providers, schools, hotels, resorts, corporations, and other traditional and non-traditional food service outlets. Growth in this industry has been driven by the increase in away-from-home meal preparation, which has accompanied the expanding number of both dual income and single-parent households. Another trend within the food service industry is the growth in the number of non-traditional food service outlets such as convenience stores, retail stores and supermarkets. These non-traditional locations often lack extensive cooking, storage, or preparation facilities resulting in a need for pre-cooked and prepared foods similar to those we provide. The expansion in the food service industry has also been accompanied by the continued consolidation and growth of broadline and specialty food service distributors, many of which are long-standing customers.

**Frozen Food Products – Retail Customers**

The majority of our existing and targeted retail customers are involved in the resale of branded and private label packaged foods. The same trends which have contributed to the increase in away-from-home meal preparation have also fueled the growth in easy to prepare, microwaveable frozen and refrigerated convenience foods. Among the fastest growing segments is the frozen and refrigerated hand-held foods market. This growth has been driven by improved product quality and variety and the increasing need for inexpensive and healthy food items that require minimal preparation. Despite rapid growth, many categories of frozen and refrigerated hand-held foods have achieved minimal household penetration. We believe we have been successful in establishing and maintaining supply relationships with certain selected leading retailers in this market.

**Frozen Food Products – Sales and Marketing**

Our frozen food business covers the United States. Products produced by the Frozen Food Products segment are generally supplied to food service and retail distributors who take title to the product upon shipment receipt through company leased long-haul vehicles. In addition to regional sales managers, we maintain a network of independent food service and retail brokers covering most of the United States. Brokers are compensated on a commission basis. We believe that our broker relationships, in close cooperation with our regional sales managers, are a valuable asset providing significant new product and customer opportunities. Regional sales managers perform several significant functions for us, including identifying and developing new business opportunities and providing customer service and support to our distributors and end purchasers through the effective use of our broker network.

Our annual advertising expenditures are directed towards retail and institutional customers. These customers participate in various special promotional and marketing programs and direct advertising allowances we sponsor. We also invest in general consumer advertising in various newspapers and periodicals including free standing inserts and coupons to advertise in major markets. We direct advertising toward food service customers with campaigns in major industry publications and through our participation in trade shows throughout the United States. Our advertising strategy includes our presence on social media and online distribution of promotional material.

**Snack Food Products**

During fiscal year 2018, our snack food products division sold approximately 120 different items through customer-owned distribution centers and a direct-store-delivery network serving approximately 17,000 supermarkets, mass merchandise and convenience retail stores located in 49 states.

Products produced or distributed by the Snack Food Products segment are supplied to customers through either direct delivery to customer warehouses or direct-store-delivery to retail locations. We utilize customer managed warehouse distribution centers to lower distribution cost. Product delivered to the customer's warehouse is then distributed to the store where it is resold to the end consumer. Our direct-store-delivery system focus emphasizes high quality service of our premium branded product to our customers. We also provide the service of setting up and maintaining the display and restocking our products.

**Snack Food Products — Customers**

Our customers are comprised of large retail chains and smaller "independent" operators. This part of our business is highly competitive. Proper placement of our product lines is critical to selling success since most items could be considered "impulse" items which are often consumed shortly after purchase. Our ability to sell successfully to this distribution channel depends on aggressive marketing and maintaining relationships with key buyers.

**Snack Food Products — Sales and Marketing**

Snack food products are distributed across the United States. Regional sales managers perform several significant functions including identifying and developing new business opportunities and providing customer service and support to our customers. We also utilize the services of brokers, where appropriate, to support efficient product distribution and customer satisfaction.

**Product Planning and Research and Development**

We continually monitor the consumer acceptance of each product within our extensive product line. Individual products are regularly added to and deleted from our product line. Historically, the addition or deletion of any individual product has not had a material effect on our operations in the current fiscal year. We believe that a key factor in the success of our products is our system of carefully targeted research and testing of our products to ensure high quality and that each product matches an identified market opportunity. The emphasis in new product introductions in the past several years has been in single service items. We are constantly searching to develop new products to complement our existing product lines and improve processing techniques and formulas. We utilize an in-house test kitchen and consultants to research and experiment with unique food preparation methods, improve quality control and analyze new ingredient mixtures.

**Competition**

Our products are sold under highly competitive conditions. All food products can be considered competitive with other food products, but we consider our principal competitors to include national, regional and local producers and distributors of refrigerated, frozen and non-refrigerated snack food products. Several of our competitors include large companies with substantially greater financial and marketing resources than ours. Existing competitors may broaden their product lines and potential competitors may enter or increase their focus on our market, resulting in greater competition for us. We believe that our products compete favorably with those of our competitors. Such competitors' products compete against ours for retail shelf space, institutional distribution and customer preference.

**Effect of Government Regulations**

Our operations are subject to extensive inspection and regulation by the United States Department of Agriculture (the "USDA"), the Food and Drug Administration (the "FDA"), and by other federal, state, and local authorities regarding the processing, packaging, storage, transportation, distribution, and labeling of products that we manufacture, produce and process. Our processing facilities and products are subject to continuous inspection by the USDA and/or other federal, state, and local authorities. The USDA has issued strict regulations concerning the control of listeria monocytogenes in ready-to-eat meat and poultry products and contamination by food borne pathogens such as E. coli and salmonella, and implemented a system of regulation known as the Hazard Analysis Critical Control Points ("HACCP") program. The HACCP program requires all meat and poultry processing plants to develop and implement sanitary operating procedures and other program requirements. The U.S. Occupational Safety and Health Administration ("OSHA") oversees safety compliance and establishes certain employer responsibilities to help "assure safe and healthful working conditions" and keep the workplace free of recognized hazards or practices likely to cause death or serious injury. We believe that we are currently in compliance with governmental laws and regulations and that we maintain the necessary permits and licenses relating to our operations.

To date, federal, state, and local environmental laws and regulations, including those relating to the discharge of materials into the environment, have not had a material effect on our business.

**Importance of Key Customers**

Sales to Wal-Mart® comprised 36.4% of revenues in fiscal year 2018 and 31.3% of total accounts receivable was due from Wal-Mart® as of November 2, 2018. Sales to Wal-Mart® comprised 37.7% of revenues in fiscal year 2017 and 36.9% of total accounts receivable was due from Wal-Mart® as of November 3, 2017. Sales to Dollar General® comprised 9.6% of revenues in fiscal year 2018 and 23.5% of total accounts receivable was due from Dollar General® as of November 2, 2018.

**Sources and Availability of Raw Materials**

We purchase large quantities of pork, beef, and flour. These ingredients are generally available from a number of different suppliers although the availability of these ingredients is subject to seasonal variation. We build ingredient inventories to take advantage of downward trends in seasonal prices or anticipated supply limitations.

Most flour purchases are made at market price without contracts. We also purchase bulk flour under short-term fixed price contracts at current market prices. The contracts are usually effective for a month or less and are not material to our operations. These contracts are settled within a month's time and no significant contracts remain open at the close of the reporting period. We monitor and manage our ingredient costs to help negate volatile daily swings in market prices when possible. We do not participate in the commodity futures market or hedging to limit commodity exposure.

**Employees**

We had 544 employees as of November 2, 2018, approximately 41% of whose employment relationship is governed by collective bargaining agreements. These agreements currently expire between May 2019 and March 2022. We believe that our relationship with all of our employees is favorable and contracts will be settled favorably.

**Executive Officers of the Registrant**

The names, ages, and positions of all our executive officers as of January 18, 2019 are listed below. William L. Bridgford is the nephew of Allan L. Bridgford. Officers are normally appointed annually by the Board of Directors at their meeting immediately following the annual meeting of shareholders. Three executive officers are full-time employees of our company. Allan L. Bridgford worked 50% of full time during fiscal year 2018.

| Name | Age | Position(s) with our company |
|---|---|---|
| Allan L. Bridgford | 83 | Vice President and member of the Executive Committee |
| William L. Bridgford | 64 | Chairman and member of the Executive Committee |
| John V. Simmons | 63 | President and member of the Executive Committee |
| Raymond F. Lancy | 65 | Chief Financial Officer, Executive Vice President, Treasurer and member of the Executive Committee |

***Item 1A. Risk Factors***

In addition to the other matters set forth in this Report, the continuing operations and the price of our common stock are subject to the following risks, each of which could materially adversely affect our business, financial condition, and results of operations. The risks described below are only the risks that we currently believe are material to our business. However, additional risks not presently known, or risks that are currently believed to be immaterial, may also impair our business operations.

**We are subject to general risks in the food industry, including, among other things, risk relating to changes in consumer preferences and product contamination as well as general economic conditions, any of which risks, if realized, could negatively impact our operating results and financial position.**

The food industry, and the markets within the food industry in which we compete, are subject to various risks, including the following: evolving consumer preferences, nutritional and health-related concerns, federal, state and local food inspection and processing controls, consumer product liability claims, risks of product tampering, and the availability and expense of liability insurance. The meat and poultry industries are subject to scrutiny due to the association of meat and poultry products with recent outbreaks of illness, and on rare occasions even death, caused by food borne pathogens. Product recalls are sometimes required in the food industry to withdraw contaminated or mislabeled products from the market. Additionally, the failure to identify and react appropriately to changes in consumer trends, demands and preferences could lead to, among other things, reduced demand and price reduction for our products. Further, we may be adversely affected by changes in domestic or foreign economic conditions, including inflation or deflation, interest rates, availability of capital markets, consumer spending rates, and energy availability and costs (including fuel surcharges). These and other general risks related to the food industry, if realized by us, could have a significant adverse effect on demand for our products, as well as the costs and availability of raw materials, ingredients and packaging materials, thereby negatively affecting our operating results and financial position.

**Fluctuations in the prices that we pay for raw materials could negatively impact our financial results.**

We purchase large quantities of commodity pork, beef and flour. Historically, market prices for products we process have fluctuated in response to a number of factors, including changes in the United States government farm support programs, changes in international agricultural and trading policies, weather, and other conditions during the growing and harvesting seasons. Our operating results are heavily dependent upon the prices paid for raw materials. The marketing of our value-added products does not lend itself to instantaneous changes in selling prices. Changes in selling prices are relatively infrequent and do not compare with the volatility of commodity markets. While fluctuations in significant cost structure components, such as ingredient commodities and fuel prices, have had a significant impact on profitability over the last three years, the impact of general price inflation on our financial position and results of operations has not been significant. Future volatility of general price inflation or deflation and raw material cost and availability could adversely affect our financial results.

**We are subject to extensive government regulations and a failure to comply with such regulations could negatively impact our financial results.**

Our operations are subject to extensive inspection and regulation by the USDA, FDA and by other federal, state, and local authorities regarding the processing, packaging, storage, transportation, distribution, and labeling of products that are manufactured, produced and processed by us. Our processing facilities and products are subject to continuous inspection by the USDA and/or other federal, state, and local authorities. The USDA has issued strict regulations concerning the control of listeria monocytogenes in ready-to-eat meat and poultry products and contamination by food borne pathogens such as E. coli and salmonella and implemented a system of regulation known as the HACCP program. The HACCP program requires all meat and poultry processing plants to develop and implement sanitary operating procedures and other program requirements. OSHA oversees safety compliance and establishes certain employer responsibilities to help "assure safe and healthful working conditions" and keep the workplace free of recognized hazards or practices likely to cause death or serious injury. We believe that we are currently in compliance with governmental laws and regulations and that we maintain necessary permits and licenses relating to our operations.

A failure to obtain or a loss of necessary permits and licenses could delay or prevent us from meeting current product demand and could adversely affect our operating performance. Furthermore, we are routinely subject to new or modified laws, regulations and accounting standards. If found to be out of compliance with applicable laws and regulations in these or other areas, we could be subject to civil remedies, including fines, injunctions, recalls, or asset seizures, as well as potential criminal sanctions, any of which could have a significant adverse effect on our financial results.

**We depend on our key management, the loss of which could negatively impact our operations.**

Our executive officers and certain other key employees have been primarily responsible for the development and expansion of our business, and the loss of the services of one or more of these individuals could adversely affect us. Our success will be dependent in part upon our continued ability to recruit, motivate, and retain qualified personnel. We cannot assure that we will be successful in this regard. We have no employment or non-competition agreements with key personnel.

**We depend on our major customers and any loss of such customers could have a negative impact on our profitability.**

We could suffer significant reductions in revenues and operating income if we lost one or more of our largest customers, including Wal-Mart® and Dollar General®, which accounted for 36.5% and 9.6%, respectively, of sales in fiscal year 2018. Many of our customers, such as supermarkets, warehouse clubs, and food distributors have consolidated in recent years. Such consolidation has produced large, sophisticated customers with increased buying power who are more capable of operating with reduced inventories while demanding lower pricing and increased promotional programs. These customers also may use their shelf space for their own private label products. Failure to respond to these trends could reduce our volume and cause us to lower prices or increase promotional spending for our product lines which could adversely affect our profitability.

**With more than 80% of our stock beneficially owned by the Bridgford family, there are risks that they can exert significant influence or control over our corporate matters.**

Members of the Bridgford family beneficially own, in the aggregate, more than 80% of our outstanding stock. In addition, three members of the Bridgford family currently serve on the Board of Directors. As a result, members of the Bridgford family have the ability to exert substantial influence or actual control over our management and affairs and over substantially all matters requiring action by our shareholders, including amendments to by-laws, election and removal of directors, any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions. This concentration of ownership may also delay or prevent a change in control otherwise favored by our other shareholders and could depress our stock price. Additionally, as a result of the Bridgford family's significant ownership of the outstanding voting stock, we have relied on the "controlled company" exemption from certain corporate governance requirements of the NASDAQ stock market. Therefore, among other things, we have elected not to implement the rule that provides for a nominating committee to identify and recommend nominees to the Board of Directors and have instead elected to have the full Board of Directors perform such function. Additionally, pursuant to this exemption, our compensation committee, which is made up of independent directors, does not have sole authority to determine the compensation of our executive officers, including our Chairman of the Board.

**We participate in Multiemployer Pension Plans which could negatively impact our operations and profitability.**

We participate in "multiemployer" pension plans administered by labor unions on behalf of their employees. We make monthly contributions for healthcare and pension benefit obligations. The contribution amount may change depending upon the ability of participating companies to fund these pension liabilities as well as the actual and expected returns on pension plan assets. Should we withdraw from the union and cease participation in a union plan, federal law could impose a penalty for additional contributions to the plan. The penalty would be recorded as an expense in the consolidated statement of operations. The ultimate amount of the withdrawal liability is dependent upon several factors including the funded status of the plan and contributions made by other participating companies. We continue to participate in other multiemployer union plans. In the event of a full or partial withdrawal from these plans, the impact to our financial statements could be material.

**Eminent domain and land risk regulations could negatively impact our financial results and financial position.**

We own real property on which we operate our processing and/or our distribution operations. As is the case with any owner of real property, we may be subject to eminent domain proceedings that can impact the value of investments we have made in real property as well as potentially disrupt our business operations. If subject to eminent domain proceedings or other government takings, we may not be adequately compensated.

### *Item 1B. Unresolved Staff Comments*

Not applicable.

### *Item 2. Properties*

We own the following properties:

| Property Location | Building Square Footage | Acreage |
|---|---|---|
| Anaheim, California * | 100,000 | 5.0 |
| Dallas, Texas * | 94,000 | 4.0 |
| Dallas, Texas * | 30,000 | 2.0 |
| Dallas, Texas * | 16,000 | 1.0 |
| Dallas, Texas * | 3,200 | 1.5 |
| Statesville, North Carolina * | 42,000 | 8.0 |
| Chicago, Illinois ** | 156,000 | 1.5 |
| Chicago, Illinois ** | 177,000 | 8.0 |

* - property used by Frozen Food Products Segment

** - property used by Snack Food Products Segment

We utilize the foregoing properties for processing, warehousing, distributing and administrative purposes. We also lease warehouse and/or office facilities throughout the United States through month-to-month rental agreements. We believe that our properties are generally adequate to satisfy our foreseeable needs. Additional properties may be acquired and/or plants expanded if favorable opportunities and conditions arise.

***Item 3. Legal Proceedings***

No material legal proceedings were pending against us as of November 2, 2018 or as of the date of filing of this Report. We are likely to be subject to claims arising from time to time in the ordinary course of our business. In certain of such actions, plaintiffs may request punitive or other damages that may not be covered by insurance and, accordingly, no assurance can be given with respect to the ultimate outcome of any such possible future claims or litigation or their effect on us. Any adverse litigation trends and outcomes could significantly and negatively affect our financial results.

***Item 4. Mine Safety Disclosures***

Not applicable.

## PART II

### *Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

**Common Stock and Dividend Data**

Our common stock is traded in the national over-the-counter market and is authorized for quotation on the Nasdaq Global Market under the symbol "BRID".

As of January 17, 2019, there were 810 shareholders of record in our common stock.

The payment of future dividends, if any, will be at the discretion of our Board of Directors and will depend upon future earnings, financial requirements, and other factors.

**Unregistered Sales of Equity Securities**

During the period covered by this Report, we did not sell or issue any equity securities that were not registered under the Securities Act of 1933, as amended.

**Repurchases of Equity Securities by the Issuer**

During fiscal year 2018, we did not repurchase any shares of our common stock pursuant to our stock repurchase program previously authorized by the Board of Directors. The following table provides information regarding our repurchases of common stock in each of the four periods comprising the fourth quarter of fiscal year 2018.

| Period (1) | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs (2) | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2) |
|---|---|---|---|---|
| July 13, 2018 – August 10, 2018 | - | $ - | - | 120,113 |
| August 11, 2018 – September 7, 2018 | - | - | - | 120,113 |
| September 8, 2018 – October 5, 2018 | - | - | - | 120,113 |
| October 6, 2018 – November 2, 2018 | - | - | - | 120,113 |
| Total | - | $ - | - | |

(1) The periods shown are our fiscal periods during the sixteen-week quarter ended November 2, 2018.

(2) All repurchases reflected in the foregoing table were made on the open market. Our stock repurchase program was approved by the Board of Directors in November 1999 (1,500,000 shares authorized, disclosed in a Form 10-K filed on January 26, 2000) and was expanded in June 2005 (500,000 additional shares authorized, disclosed in a press release and Form 8-K filed on June 17, 2005). Under the stock repurchase program, we are authorized, at the discretion of management and the Board of Directors, to purchase up to an aggregate of 2,000,000 shares of our common stock on the open market. Our Stock Purchase Plan (the "Purchase Plan") is administered by Citigroup Global Markets Inc. ("CGM") for purchase of shares of our common stock in compliance with the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934 ("Exchange Act"). Commencing on October 15, 2018 and continuing through and including October 14, 2019, CGM shall act as our exclusive agent to purchase shares of our common stock under the Purchase Plan. This Purchase Plan supplements any purchases of common stock by us "outside" of the Purchase Plan, which may occur from time to time, in open market transactions pursuant to Rule 10b-18 of the Exchange Act. The daily purchase quantity is defined as a number of shares up to, but not to exceed, each day's applicable Rule 10b-18 maximum volume limit (i.e. 25% of the prior four calendar weeks' average daily trading volume); however, once per week a block of stock may be purchased that exceeds the Rule 10b-18 average daily trading volume condition, provided that no other Purchase Plan purchases are made on any day on which such a block is purchased. As of November 2, 2018, the total maximum number of shares that may be purchased under the Purchase Plan is 120,113 at a purchase price not to exceed $10.00 per share for a total maximum aggregate price (exclusive of commission) of $1,201,130.

***Item 6. Selected Financial Data***

Not applicable for a smaller reporting company.

***Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations***

For a complete understanding, this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Consolidated Financial Statements and Notes to the Consolidated Financial Statements contained in this Report.

Certain statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Report constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Bridgford Foods Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; the impact of competitive products and pricing; success of operating initiatives; development and operating costs; advertising and promotional efforts; adverse publicity; acceptance of new product offerings; consumer trial and frequency; changes in business strategy or development plans; availability, terms and deployment of capital; availability of qualified personnel; commodity, labor, and employee benefit costs; changes in, or failure to comply with, government regulations; weather conditions; construction schedules; and other factors referenced in this Report.

**Results of Operations (in thousands except percentages)**

***Fiscal Year Ended November 2, 2018 (52 weeks) Compared to Fiscal Year Ended November 3, 2017 (53 weeks)***

<u>**Net Sales-Consolidated**</u>

Net sales in fiscal year 2018 increased $7,034 (4.2%) when compared to the prior fiscal year. The changes in net sales were comprised as follows:

| **Impact on Net Sales-Consolidated** | % | $ |
|---|---|---|
| Selling price per pound | -3.4 | (6,097) |
| Unit sales volume in pounds | 6.9 | 12,405 |
| Returns activity | 0.3 | 473 |
| Promotional activity | 0.4 | 253 |
| Increase in net sales | 4.2 | 7,034 |

**Net Sales-Frozen Food Products Segment**

Net sales in the Frozen Food Products segment in fiscal year 2018 decreased $1,815 (3.7%) compared to the prior fiscal year. The changes in net sales were comprised as follows:

| Impact on Net Sales-Frozen Food Products | % | $ |
|---|---|---|
| Selling price per pound | -0.9 | (495) |
| Unit sales volume in pounds | -3.6 | (1,949) |
| Returns activity | -0.1 | (23) |
| Promotional activity | 0.9 | 652 |
| Decrease in net sales | -3.7 | (1,815) |

The decrease in net sales in fiscal year 2018 was attributable to lower unit sales volumes. Weak customer demand in the retail distribution channel for rolls, monkey bread and certain other bread products resulted in a combined decrease of 24% in volume. Selling prices per pound decreased compared to the prior fiscal year.

**Net Sales-Snack Food Products Segment**

Net sales in the Snack Food Products segment in fiscal year 2018 increased $8,849 (7.5%) compared to the prior fiscal year. The changes in net sales were comprised as follows:

| Impact on Net Sales-Snack Food Products | % | $ |
|---|---|---|
| Selling price per pound | -4.5 | (5,602) |
| Unit sales volume in pounds | 11.5 | 14,354 |
| Returns activity | 0.6 | 496 |
| Promotional activity | -0.1 | (399) |
| Increase in net sales | 7.5 | 8,849 |

The increase in net sales in fiscal year 2018 was attributable to a significant increase in unit volume in pounds in the beef products category compared to fiscal year 2017. The volume of pork-based products was also higher compared to fiscal year 2017. Partially offsetting the volume increases, sales prices per pound declined due primarily to lower per pound selling prices for larger package sizes. Returns activity was lower as a percent of sales than the prior fiscal year due to favorable return trends and superior product quality. Promotional activity was slightly higher as a percent of sales due to timing of programs with significant customers compared to the prior fiscal year.

**Cost of Products Sold and Gross Margin-Consolidated**

Cost of products sold from continuing operations increased by $12,114 (11.5%) compared to the prior fiscal year. Higher unit sales volume in the Snack Food Products segment was the primary contributing factor to the increase in cost of products sold. Overhead spending increased due to significant increases in hourly wages, healthcare expenses and indirect operating supplies. Costs related to an additional production facility currently under construction also increased overhead expenses. Increases in meat commodity costs during fiscal year 2018 also contributed to the increase in cost of products sold as described in the segment analysis below. The gross margin decreased from 36.8% to 32.4% during fiscal year 2018 compared to the prior fiscal year.

| Change in Cost of Products Sold by Segment | $ | % | Commodity $ Increase |
|---|---|---|---|
| Frozen Food Products Segment | 815 | 0.8 | 96 |
| Snack Food Products Segment | 11,299 | 10.7 | 1,845 |
| Total | 12,114 | 11.5 | 1,941 |

**Cost of Products Sold and Gross Margin–Frozen Food Products Segment**

Cost of products sold in the Frozen Food Products segment increased by $815 (2.7%) to $30,992 in fiscal year 2018 compared to the prior fiscal year. Cost of products sold was higher due to higher commodity costs of approximately $96 and changes in product mix partially offset by lower sales volume. The gross margin percentage decreased from 38.5% to 34.4% during fiscal year 2018 compared to the prior fiscal year.

**Cost of Products Sold and Gross Margin–Snack Food Products Segment**

Cost of products sold in the Snack Food Products segment increased by $11,299 (15.0%) compared to the prior fiscal year due primarily to higher sales volume and higher meat commodity costs. The cost of meat commodities increased approximately $1,845 during fiscal year 2018 compared to the prior fiscal year. The gross margin earned in this segment decreased from 36.1% to 31.7% during fiscal year 2018 primarily as a result of lower per pound selling prices, higher overhead spending and higher commodity costs.

**Selling, General and Administrative Expenses-Consolidated**

Selling, general and administrative expenses ("SG&A") in fiscal year 2018 increased $1,113 (2.3%) when compared to the prior fiscal year. The increase in this category did not directly correspond to the change in sales.

The table below summarizes the primary expense variances in this category:

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) | Expense Increase (Decrease) |
|---|---|---|---|
| Wages and bonus | $ 21,212 | $ 22,248 | $ (1,036) |
| Pension costs | 956 | 1,969 | (1,013) |
| Healthcare costs | 2,661 | 1,706 | 955 |
| Repairs and maintenance "SQF" expense | 567 | - | 567 |
| Outside storage | 135 | 671 | (536) |
| Cash surrender value gains | (816) | (1,351) | 535 |
| Product advertising | 6,136 | 5,688 | 448 |
| Insurance | 487 | 871 | (384) |
| Travel | 2,113 | 1,857 | 256 |
| Workers' compensation cost | 587 | 351 | 236 |
| Vehicles repairs | 739 | 536 | 203 |
| Outside consultants | 1,885 | 1,718 | 167 |
| Other SG&A | 13,267 | 12,552 | 715 |
| Total - SG&A | 49,929 | 48,816 | 1,113 |

Lower profits and profit-sharing accruals resulted in lower wages and bonus expense in fiscal year 2018 compared to the prior year. The decrease in pension costs was due to higher pension discount rates being used to compute future liability estimates. Healthcare benefit expense has increased due to recent unfavorable claim activity compared to fiscal year 2017. Repairs and maintenance expense increased as the Company's Chicago production facility now complies with Food Safety Certification requirements created and managed by the SQF Institute. Outside storage costs declined due to acquisition of a new facility currently being used to warehouse products prior to shipment. The gain on cash surrender value of life insurance policies was lower than fiscal year 2017 due to lower stock market gains. Costs for product advertising increased mainly as a result of higher payments under brand licensing agreements in the Snack Food Products segment during fiscal year 2018. Insurance costs decreased due to very low claim activity and the settlement of older larger claims. Travel expenses increased due to research related to construction of the new plant as well as increased travel by business development managers. Vehicle repairs expenses increased on long haul trucks and direct store delivery vehicles due to an increase in miles traveled and aging vehicles. Outside consultants expenses increased due to more frequent USDA inspection fees due to increased hours of operation at the Chicago location and increased inspection at the Statesville, North Carolina, location. The major components comprising the increase of "Other SG&A" expenses were higher vacation expense and property taxes.

**Selling, General and Administrative Expenses-Frozen Food Products Segment**

SG&A expenses in the Frozen Food Products segment decreased by $508 (3.4%) to $14,226 during fiscal year 2018 compared to the prior fiscal year. The overall decrease in SG&A expenses was due to lower unit sales volume in pounds partially offset by higher vehicle expenses for long-haul trucks and higher outside consulting fees for USDA inspections at the Statesville location.

**Selling, General and Administrative Expenses-Refrigerated and Snack Food Products Segment**

SG&A expenses in the Snack Food Products segment increased by $1,621 (4.8%) to $35,703 during fiscal year 2018 compared to the prior fiscal year. Most of the increase was due to higher unit sales volume in pounds.

**Gain on Sale of Property, Plant and Equipment**

On March 7, 2018, the Company sold a parcel of land in Chicago, Illinois for approximately $5,977 and recognized a non-recurring pre-tax gain in fiscal year 2018. The cost basis of the land was insignificant.

**Income Taxes**

The Company's effective income tax rate was 49.1% and 31.6% in fiscal years 2018 and 2017, respectively. In fiscal year 2018, the effective income tax rate differed from the applicable mixed statutory rate of approximately 23.1% primarily due to tax reform adjustment of deferred income taxes, the Domestic Production Activities Deduction and a change in the liability on unrecognized benefits related to research and development tax credits (refer to Note 4 of Notes to the Consolidated Financial Statements for more information).

**Liquidity and Capital Resources (in thousands except share amounts, percentages and ratios)**

The principal source of our operating cash flow is cash receipts from the sale of our products, net of costs to manufacture, store, market and deliver to customers. The Company did not borrow on the line of credit with Wells Fargo Bank, N.A. during fiscal 2018. There were no borrowings outstanding under this line of credit as of November 2, 2018. The Company was in compliance with all loan covenants under its line of credit except the capital expenditure maximum which was subsequently waived in a letter dated January 3, 2019. We typically fund our operations from cash balances and cash flow generated from operations. We normally expect positive operating cash flows in the first quarter of our fiscal year from the liquidation of inventory and accounts receivable balances related to holiday season sales. We typically build inventories in the third quarter for anticipated promotional sales that occur in the fourth and first quarters. Anticipated commodity price trends may also affect cash balances. Certain commodities may be purchased in advance of our immediate needs to lower the ultimate cost of processing or to meet customer demand.

**Cash flows from operating activities:**

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Net income | $ 6,496 | $ 8,829 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 3,940 | 3,366 |
| Provision for losses on accounts receivable | 24 | 26 |
| Provision for (reduction in) promotional allowances | 94 | (266) |
| Gain on sale of property, plant and equipment | (6,236) | (58) |
| Deferred income taxes, net | 4,940 | (490) |
| Changes in operating working capital | (993) | 5,362 |
| Net cash provided by operating activities | $ 8,265 | $ 16,769 |

For the fifty-two weeks ended November 2, 2018, net cash provided by operating activities was $8,266, a decrease of $8,503 compared to the fifty-three weeks ended November 3, 2017. The net decrease in cash provided by operating activities primarily related to lower net income of $6,496 and deferred income taxes of $4,940 partially offset by a decrease in non-current liabilities of $3,669 and payments for estimated taxes of $1,726. During fiscal year 2018, we funded $3,150 towards our defined benefit pension plan. Plan funding strategies may be adjusted depending upon economic conditions, investment options, tax deductibility, or legislative changes in funding requirements.

Our cash conversion cycle (defined as days of inventory and trade receivables less days of trade payables outstanding) was equal to 64 days for the fifty-two weeks ended November 2, 2018 and 73 days for the fifty-three weeks ended November 3, 2017. Significant customers increased the length of payment terms during fiscal year 2017 which increased the prior fiscal year's cash conversion cycle.

For the fifty-three weeks ended November 3, 2017, net cash provided by operating activities was $16,769. This result was primarily related to net income and a reduction of inventory. During fiscal year 2017, we funded $1,150 towards our defined benefit pension plan.

**Cash used in investing activities:**

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Proceeds from sale of property, plant and equipment | $ 6,035 | $ 58 |
| Additions to property, plant and equipment | (18,147) | (11, 574) |
| Net cash used in investing activities | $ (12,112) | $ (11,516) |

Expenditures for property, plant and equipment include the acquisition of equipment, upgrading of facilities to maintain operating efficiency and investments in cost effective technologies to lower costs. In general, we capitalize the cost of additions and improvements and expense the cost for repairs and maintenance. We may also capitalize costs related to improvements that extend the life, increase the capacity, or improve the efficiency of existing machinery and equipment. Specifically, capitalization of upgrades of facilities to maintain operating efficiency include acquisitions of machinery and equipment used on packaging lines and refrigeration equipment used to process food products.

The table below highlights the additions to property, plant and equipment for the fifty-two and fifty-three weeks ended:

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Land | $ 55 | $ 2,051 |
| Building | 141 | 3,975 |
| Building improvements | 702 | 1,533 |
| Leasehold improvements | 9 | 42 |
| Temperature control | - | 786 |
| Processing equipment | 7,915 | 1,031 |
| Packaging lines | 181 | 1,020 |
| Vehicles for sales and/or delivery | 953 | 1,081 |
| Quality control and communication systems | 43 | 121 |
| Computer software and hardware | 18 | 352 |
| Forklifts | 253 | 47 |
| Change in projects in process | 7,877 | (465) |
| Additions to property, plant and equipment | $ 18,147 | $ 11,574 |

Expenditures for additions to property, plant and equipment during the fifty-two weeks ended November 2, 2018 include projects in process of $7,615 related to the new facility in Chicago.

**Cash used in financing activities:**

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Payments of capital lease obligations | $ (83) | $ (129) |
| Net cash used in financing activities | $ (83) | $ (129) |

Our stock repurchase program was approved by the Board of Directors in November 1999 and was expanded in June 2005. Under the stock repurchase program, we are authorized, at the discretion of management and the Board of Directors, to purchase up to an aggregate of 2,000,000 shares of our common stock on the open market. As of the end of fiscal year 2018, 120,113 shares were still authorized for repurchase under the program.

We invested in OTR (over-the-road) tractors during fiscal year 2012 financed by a capital lease obligation in the amount of $1,848. The total capital lease obligation was settled as of November 2, 2018 with no remaining lease liability. We bought several of the tractors and converted to month-to-month arrangements on other tractors as needed. We plan to invest in new capital lease arrangements in fiscal 2019.

We maintain a line of credit with Wells Fargo Bank, N.A. that expires on March 1, 2020. The line of credit was expanded from $5,000 to $7,500 during the first quarter of fiscal 2017. Under the terms of this line of credit, we may borrow up to $7,500 at an interest rate equal to the bank's prime rate or Libor plus 1.5%. The borrowing agreement contains various covenants, the more significant of which require us to maintain a minimum tangible net worth, a minimum quick ratio, a minimum net income after tax and total capital expenditures less than $7,500. The Company was in violation of the capital expenditure covenant which was subsequently waived by letter dated January 3, 2019. The Company was in compliance with all other covenants as of November 2, 2018. There have been no borrowings under this line of credit during fiscal year 2018.

On December 26, 2018, we entered into a master collateral loan and security agreement with Wells Fargo Bank, N.A for up to $15,000 in equipment financing. Pursuant to the loan agreement, we borrowed $7,500 to purchase specific equipment for our new Chicago processing facility at a fixed rate of 4.13% per annum. The loan term is seven years and is secured by the purchased equipment. The funds were received on December 28, 2018. The master collateral loan and security agreement with Wells Fargo Bank, N.A. contains various affirmative and negative covenants that limit the use of funds and define other provisions of the loan. The main financial covenants are listed below:

- Total Liabilities divided by Tangible Net Worth not greater than 2.5 to 1.0 at each fiscal quarter,
- Quick Ratio not less than 1.0 to 1.0 at each fiscal quarter end,
- Net income after taxes not less than one dollar on a quarterly basis, determined as of each fiscal quarter end.

**Impact of Inflation**

Our operating results are heavily dependent upon the prices paid for raw materials. The marketing of our value-added products does not lend itself to instantaneous changes in selling prices. Changes in selling prices are relatively infrequent and do not compare with the volatility of commodity markets. While fluctuations in significant cost structure components, such as ingredient commodities and fuel prices, have had a significant impact on profitability over the last two fiscal years, the impact of general price inflation on our financial position and results of operations has not been significant. However, future volatility of general price inflation or deflation and raw material cost and availability could adversely affect our financial results.

Management is of the opinion that our strong financial position and our capital resources are sufficient to provide for our operating needs and capital expenditures for fiscal year 2019.

**Off-Balance Sheet Arrangements**

We do not currently have any off-balance sheet arrangements within the meaning of Item 303(a)(4) of Regulation S-K.

**Contractual Obligations**

We have remained free of interest-bearing debt (excluding capital leases) for twenty-nine of the last thirty years (with fiscal year 2014 being the only exception) and had no other debt or other contractual obligations within the meaning of Item 303(a)(5) of Regulation S-K, as of November 2, 2018.

Our expected future liability related to construction of the new Chicago processing facility for the purchase of smokehouses and chillers is approximately $14,600 as of November 30, 2018.

**Critical Accounting Policies**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the respective reporting periods. Actual results could differ from those estimates. Amounts estimated related to liabilities for self-insured workers' compensation, employee healthcare and pension benefits are especially subject to inherent uncertainties and these estimated liabilities may ultimately settle at amounts not originally estimated. We record promotions, returns allowances, bad debt and inventory allowances based on recent and historical trends. Management believes its current estimates are reasonable and based on the best information available at the time.

Disclosure concerning our policies on credit risk, revenue recognition, cash surrender or contract value for life insurance policies, deferred income tax and the recoverability of our long-lived assets are provided in Notes 1 and 4 of Notes to the Consolidated Financial Statements.

**Recently Issued Accounting Pronouncements and Regulations**

Various accounting standard-setting bodies have been active in soliciting comments and issuing statements, interpretations and exposure drafts. For information on new accounting pronouncements and the impact, if any, on our financial position or results of operations, see Note 1 of the Notes to the Consolidated Financial Statements.

***Item 7A. Quantitative and Qualitative Disclosures About Market Risk***

Not applicable for a smaller reporting company.

***Item 8. Consolidated Financial Statements and Supplementary Data***

The consolidated financial statements required by this Item are set forth in Part IV, Item 15 of this Report.

***Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

Not applicable.

### *Item 9A. Controls and Procedures*

**Evaluation of disclosure controls and procedures**

Our management, with the participation and under the supervision of our Chairman and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Report. Based on this evaluation, the Chairman and Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this Report in their design and operation to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, and recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms to allow timely decisions regarding required disclosures.

Our management, including our Chairman and Chief Financial Officer, does not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

We maintain and evaluate a system of internal accounting controls, and a program designed to provide reasonable assurance that our assets are protected and that transactions are performed in accordance with proper authorization and are properly recorded. This system of internal accounting controls is continually reviewed and modified in response to evolving business conditions and operations and to recommendations made by our independent registered public accounting firm. We have established a code of conduct. Our management believes that the accounting and internal control systems provide reasonable assurance that assets are safeguarded, and financial information is reliable.

The Audit Committee of the Board of Directors meets regularly with our financial management and counsel, and with the independent registered public accounting firm engaged by us. Internal accounting controls and the quality of financial reporting are discussed during these meetings. The Audit Committee has discussed with the independent registered public accounting firm matters required to be discussed by Statement of Auditing Standards No. 16 (Communication with Audit Committees). In addition, the Audit Committee and the independent registered public accounting firm have discussed the independent registered public accounting firm's independence from our Company and its management, including the matters in the written disclosures required by Public Company Accounting Oversight Board Rule 3526 "Communicating with Audit Committees Concerning Independence".

**Changes in Internal Control over Financial Reports**

There has been no change in our internal control over financial reporting during the last fiscal quarter covered by this Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Section 404 of the Sarbanes-Oxley Act of 2002**

In order to comply with the Sarbanes-Oxley Act of 2002, we have undertaken and continue a comprehensive effort, which includes the documentation and review of our internal controls. In order to comply with the Sarbanes-Oxley Act, we centralized most accounting and many administrative functions at our corporate headquarters in an effort to control the cost of maintaining our control systems.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law by the President on July 21, 2010, permanently exempts small public companies with less than $75 million in public float, such as the Company, from the requirement to obtain an external audit on the effectiveness of internal financial reporting controls provided in Section 404(b) of the Sarbanes-Oxley Act. As a result, an attestation report on internal controls over financial reporting by an independent registered public accounting firm has not been presented. Section 404(a) is still effective for smaller public companies and requires the disclosure of management attestations on internal controls over financial reporting.

**Management’s Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management conducted an evaluation of the effectiveness of the internal controls over financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework (2013) and related illustrative documents as an update to Internal Control-Integrated Framework (1992). Management determined that the 17 principles were present and functioning during its assessment of the effectiveness of our internal controls. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting for our fiscal year ended November 2, 2018. Based on management’s assessment and the above-referenced criteria, management believes that the internal control over financial reporting for our fiscal year ended November 2, 2018 was effective.

***Item 9B. Other Information***

Not applicable.

## PART III

### *Item 10. Directors, Executive Officers and Corporate Governance*

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended November 2, 2018 and is incorporated herein by reference. Information concerning our executive officers is set forth in Part I, Item 1 of this Report under the heading "Executive Officers of the Registrant".

### *Item 11. Executive Compensation*

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended November 2, 2018 and is incorporated herein by reference.

### *Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended November 2, 2018 and is incorporated herein by reference.

**Equity Compensation Plan Information**

Not applicable, as we do not have any compensation plans under which our equity securities are authorized for issuance.

### *Item 13. Certain Relationships and Related Transactions, and Director Independence*

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended November 2, 2018 and is incorporated herein by reference.

We are considered a "controlled company" within the meaning of Rule 5615(c)(1) of the NASDAQ Listing Rules based on the approximate 80% beneficial ownership of our outstanding common stock by Bridgford Industries Incorporated and are therefore exempted from various NASDAQ Listing Rules pertaining to certain "independence" requirements of our directors. Nevertheless, the Board of Directors has determined that Messrs. Andrews, Scott and Zippwald who together comprise the Audit Committee and the Compensation Committee, are all "independent directors" within the meaning of Rule 5605 of the NASDAQ Listing Rules.

Our general legal counsel is the son of the former senior chairman of the Board of Directors. As legal counsel to the Board and the Compensation Committee, he currently is paid a fee of $2,300 for each meeting attended. Total fees paid under this arrangement for fiscal year 2018 were approximately $22,600. Legal services are performed on our behalf and billed by a firm in which he is a partner. Total fees billed under this arrangement for fiscal year 2018 were approximately $172,600.

Director Allan Bridgford Jr., son of the former senior chairman of the Board of Directors, is providing consulting services to the Chicago plant and management. The contract on behalf of the Company with Allan Bridgford Jr. is for consulting services at $1,200 per day. Total fees billed under this arrangement for fiscal year 2018 were approximately $219,000. As a member of the Board of Directors, he was paid a fee of $2,300 for each meeting attended during fiscal year 2018. Total fees paid under this arrangement for fiscal year 2018 were $22,600. Under an arrangement with Allan Bridgford Jr., we accrued approximately $420,700 of profit sharing based on fiscal year 2018 profitability to be paid out in three installments equally over the next three years.

Director Keith Ross currently provides real estate consulting services to the Board and management. He was paid a fee of $2,300 for each Board meeting attended and was paid an aggregate of $20,300 for meetings attended during fiscal year 2018. Total fees paid during fiscal year 2018 for consulting services were $51,300.

### *Item 14. Principal Accounting Fees and Services*

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended November 2, 2018 and is incorporated herein by reference.

## PART IV

### *Item 15. Exhibits and Financial Statement Schedules*

(a)(1) *Financial Statements*. The following documents are filed as a part of this Report:



(2) *Financial Statement Schedules*

Not applicable for a smaller reporting company.

(3) *Exhibits*

(a) *The exhibits below are filed or incorporated herein by reference.*

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
| 3.1 | Restated Articles of Incorporation, as amended. | | | | | X |
| 3.2 | Amended and Restated Bylaws. | 10-K/A | 000-02396 | 3.7 | 02/09/18 | |
| 10.1* | Bridgford Foods Corporation Defined Benefit Pension Plan. | | | | | X |
| 10.2* | Bridgford Foods Corporation Supplemental Executive Retirement Plan. | | | | | X |
| 10.3* | Bridgford Foods Corporation Deferred Compensation Savings Plan. | | | | | X |
| 21.1 | Subsidiaries of the Registrant. | | | | | X |
| 24.1 | Power of Attorney (included as part of the signature page). | | | | | X |
| 31.1 | Certification of Principal Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 31.2 | Certification of Principal Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Executive Officer). | | | | | X |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Financial Officer). | | | | | X |
| 10.1 INS | XBRL Instance Document. | | | | | X |
| 101.SCH | XBRL Taxonomy Extension Schema Document. | | | | | X |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document. | | | | | X |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document. | | | | | X |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document. | | | | | X |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document. | | | | | X |

* Each of these Exhibits constitutes a management contract, compensatory plan or arrangement.

### *Item 16. Form 10-K Summary*

Not applicable.

## ***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.

BRIDGFORD FOODS CORPORATION

By: */s/ WILLIAM L. BRIDGFORD*
**William L. Bridgford**
*Chairman of the Board*

Date: January 18, 2019

## POWER OF ATTORNEY

We, the undersigned directors and officers of Bridgford Foods Corporation, do hereby constitute and appoint William L. Bridgford and Raymond F. Lancy, or either of them, with full power of substitution and resubstitution, our true and lawful attorneys and agents, to do any and all acts and things in our name and behalf in our capacities as directors and officers and to execute any and all instruments for us and in our names in the capacities indicated below, which said attorneys and agents, or either of them, or their substitutes, may deem necessary or advisable to enable said corporation to comply with the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in connection with this Annual Report on Form 10-K, including specifically, but without limitation, power and authority to sign for us or any of us in our names and in the capacities indicated below, any and all amendments; and we do hereby ratify and confirm all that the said attorneys and agents, or either of them, shall do or cause to be done by virtue hereof.

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/ WILLIAM L. BRIDGFORD*<br>**William L. Bridgford** | Chairman of the Board<br>(Principal Executive Officer) | January 18, 2019 |
| */s/ JOHN V. SIMMONS*<br>**John V. Simmons** | President & Director | January 18, 2019 |
| */s/ RAYMOND F. LANCY*<br>**Raymond F. Lancy** | Chief Financial Officer, Executive Vice President, Treasurer & Director<br>(Principal Financial and Accounting Officer) | January 18, 2019 |
| */s/ BRUCE H. BRIDGFORD*<br>**Bruce H. Bridgford** | Director | January 18, 2019 |
| */s/ TODD C. ANDREWS*<br>**Todd C. Andrews** | Director | January 18, 2019 |
| */s/ ALLAN BRIDGFORD JR.*<br>**Allan Bridgford Jr.** | Director | January 18, 2019 |
| */s/ D. GREGORY SCOTT*<br>**D. Gregory Scott** | Director | January 18, 2019 |
| */s/ KEITH A. ROSS*<br>**Keith A. Ross** | Director | January 18, 2019 |
| */s/ PAUL R. ZIPPWALD*<br>**Paul R. Zippwald** | Director | January 18, 2019 |

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Bridgford Foods Corporation

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Bridgford Foods Corporation and its subsidiaries (the Company) as of November 2, 2018 and November 3, 2017, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of November 2, 2018 and November 3, 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*/s/ Squar Milner LLP*

We have served as the Company's auditor since 2009.

Irvine, California
January 18, 2019

**BRIDGFORD FOODS CORPORATION**
**CONSOLIDATED BALANCE SHEETS**
**November 2, 2018 and November 3, 2017**
**(in thousands, except per share amounts)**

| | 2018 | 2017 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 8,179 | $ 12,109 |
| Accounts receivable, less allowance for doubtful accounts of $33 and $30, respectively and promotional allowances of $2,122 and $2,537, respectively | 20,293 | 19,148 |
| Inventories, net | 23,413 | 23,016 |
| Prepaid expenses | 1,331 | 1,550 |
| Total current assets | 53,216 | 55,823 |
| | | |
| Property, plant and equipment, net of accumulated depreciation and amortization of $66,337 and $63,722, respectively | 32,638 | 18,571 |
| Other non-current assets | 11,630 | 13,111 |
| Deferred income taxes | 4,010 | 10,040 |
| Total assets | $ 101,494 | $ 97,545 |
| | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 7,655 | $ 5,365 |
| Accrued payroll, advertising and other expenses | 4,577 | 4,555 |
| Income taxes payable | 155 | 216 |
| Current portion of non-current liabilities | 5,980 | 6,108 |
| Total current liabilities | 18,367 | 16,244 |
| | | |
| Non-current liabilities | 17,447 | 25,263 |
| Total liabilities | 35,814 | 41,507 |
| | | |
| Contingencies and commitments (Notes 3, 5 and 6) | | |
| | | |
| Shareholders' equity: | | |
| Preferred stock, without par value; Authorized, - 1,000 shares; issued and outstanding – none | - | - |
| Common stock, $1.00 par value; Authorized, - 20,000 shares; issued and outstanding – 9,076 and 9,076 | 9,134 | 9,134 |
| Capital in excess of par value | 8,298 | 8,298 |
| Retained earnings | 65,948 | 56,902 |
| Accumulated other comprehensive loss | (17,700) | (18,296) |
| Total shareholders' equity | 65,680 | 56,038 |
| Total liabilities and shareholders' equity | $ 101,494 | $ 97,545 |

See accompanying notes to consolidated financial statements.

**BRIDGFORD FOODS CORPORATION**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**For the fiscal years ended November 2, 2018 and November 3, 2017**
**(in thousands, except share and per share amounts)**

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Net sales | $ 174,257 | $ 167,223 |
| Cost of products sold | 117,751 | 105,637 |
| Gross margin | 56,506 | 61,586 |
| Selling, general and administrative expenses | 49,929 | 48,816 |
| Gain on sale of property, plant and equipment | (6,236) | (58) |
| Income before taxes | 12,813 | 12,828 |
| Provision for income taxes | 6,296 | 3,999 |
| Net income | $ 6,517 | $ 8,829 |
| Basic earnings per share | $ 0.72 | $ 0.97 |
| Shares used to compute basic earnings per share | 9,076,832 | 9,076,832 |

See accompanying notes to consolidated financial statements.

## BRIDGFORD FOODS CORPORATION
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
**For the fiscal years ended November 2, 2018 and November 3, 2017**
**(in thousands)**

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Net income | $ 6,517 | $ 8,829 |
| Other comprehensive income from defined benefit plans | 3,610 | 12,832 |
| Other postretirement benefit plans: | | |
| Actuarial gain | 710 | 641 |
| Prior service benefit | (174) | (190) |
| Other comprehensive income from other postretirement benefit plans, net | 536 | 451 |
| Other comprehensive income, before taxes | 4,146 | 13,283 |
| Tax expense on other comprehensive income | (1,021) | (4,983) |
| Change in other comprehensive income, net of tax | 3,125 | 8,300 |
| Comprehensive income, net of tax | $ 9,642 | $ 17,129 |

See accompanying notes to consolidated financial statements.

**BRIDGFORD FOODS CORPORATION**
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**
**For the fiscal years ended November 2, 2018 and November 3, 2017**
**(in thousands)**

| | Shares | Amount | Capital in excess of par value | Retained earnings | Accumulated other comprehensive loss | Total shareholders' equity |
|---|---|---|---|---|---|---|
| Balance, October 28, 2016 | 9,076 | $ 9,134 | $ 8,298 | $ 48,073 | $ (26,596) | $ 38,909 |
| Net income | | | | 8,829 | | 8,829 |
| Net change in defined benefit plans and other benefit plans | | | | | 8,300 | 8,300 |
| Balance, November 3, 2017 | 9,076 | $ 9,134 | $ 8,298 | $ 56,902 | $ (18,296) | $ 56,038 |
| Net income | | | | 6,517 | | 6,517 |
| ASU 2018-02 (Note 1) | | | | 2,529 | (2,529) | - |
| Net change in defined benefit plans and other benefit plans | | | | | 3,125 | 3,125 |
| Balance, November 2, 2018 | 9,076 | $ 9,134 | $ 8,298 | $ 65,948 | $ (17,700) | $ 65,680 |

See accompanying notes to consolidated financial statements.

**BRIDGFORD FOODS CORPORATION**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the fiscal years ended November 2, 2018 and November 3, 2017**
**(in thousands)**

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 6,517 | $ 8,829 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 3,940 | 3,366 |
| Provision for losses on accounts receivable | 24 | 26 |
| Provision for (reduction in) promotional allowances | 94 | (266) |
| Gain on sale of property, plant and equipment | (6,236) | (58) |
| Deferred income taxes, net | 4,940 | (490) |
| Tax valuation allowance | - | (77) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (1,263) | (2,326) |
| Inventories | (397) | 1,065 |
| Prepaid expenses | 219 | (613) |
| Refundable income taxes | - | (703) |
| Other non-current assets | 1,549 | 1,443 |
| Accounts payable | 2,291 | 1,280 |
| Accrued payroll, advertising and other expenses | 22 | 466 |
| Income taxes payable | (61) | 85 |
| Current portion of non-current liabilities | 295 | 1,916 |
| Non-current liabilities | (3,669) | 2,826 |
| Net cash provided by operating activities | 8,265 | 16,769 |
| Cash used in investing activities: | | |
| Proceeds from sale of property, plant and equipment | 6,035 | 58 |
| Additions to property, plant and equipment | (18,147) | (11,574) |
| Net cash used in investing activities | (12,112) | (11,516) |
| Cash used in financing activities: | | |
| Payment of capital lease obligations | (83) | (129) |
| Net cash used in financing activities | (83) | (129) |
| Net (decrease) increase in cash and cash equivalents | (3,930) | 5,124 |
| | | |
| Cash and cash equivalents at beginning of year | 12,109 | 6,985 |
| Cash and cash equivalents at end of year | $ 8,179 | $ 12,109 |
| | | |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for income taxes | $ 1,726 | $ 4,365 |

See accompanying notes to consolidated financial statements.

**NOTE 1 -** ***The Company and Summary of Significant Accounting Policies:***

Bridgford Foods Corporation was organized in 1952. We originally began operations in 1932 as a retail meat market in San Diego, California and evolved into a meat wholesaler for hotels and restaurants, a distributor of frozen food products, a processor and packer of meat, and a manufacturer and distributor of frozen food products for sale on a retail and wholesale basis. We and our subsidiaries are primarily engaged in the manufacturing, marketing and distribution of an extensive line of frozen, refrigerated, and snack food products throughout the United States.

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All inter-company transactions have been eliminated.

**Use of estimates and assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the respective reporting periods. Actual results could differ from those estimates. Amounts estimated related to liabilities for pension benefits, self-insured workers' compensation and employee healthcare benefits are subject to inherent uncertainties and these estimated liabilities may ultimately settle at amounts which may vary from current estimates. Other areas with underlying estimates include realization of deferred tax assets, cash surrender or contract value of life insurance policies, promotional allowances and the allowance for doubtful accounts and inventory reserves. Management believes its current estimates are reasonable and based on the best information available at the time.

We test long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an impairment is indicated, we measure the fair value of assets to determine if and when adjustments are recorded.

**Subsequent events**

Management has evaluated events subsequent to November 2, 2018 through the date the accompanying consolidated financial statements were filed with the Securities and Exchange Commission for transactions and other events that may require adjustment of and/or disclosure in such financial statements. On December 26, 2018, we entered into a master collateral loan and security agreement with Wells Fargo Bank, N.A for up to $15,000 in equipment financing. Pursuant to the loan agreement, we borrowed $7,500 to purchase specific equipment for our new Chicago processing facility at a fixed rate of 4.13% per annum. The loan term is seven years and is secured by the purchased equipment. The funds were received on December 28, 2018. The master collateral loan and security agreement with Wells Fargo Bank, N.A. contains various affirmative and negative covenants that limit the use of funds and define other provisions of the loan. The main financial covenants are listed below:

- Total Liabilities divided by Tangible Net Worth not greater than 2.5 to 1.0 at each fiscal quarter,
- Quick Ratio not less than 1.0 to 1.0 at each fiscal quarter end,
- Net income after taxes not less than one dollar on a quarterly basis, determined as of each fiscal quarter end.

Based on management's review, no other material events were identified that require adjustment to the financial statements or additional disclosure.

**Concentrations of credit risk**

Our credit risk is diversified across a broad range of customers and geographic regions. Losses due to credit risk have recently been immaterial. The carrying amount of cash equivalents, accounts and other receivables, accounts payable and accrued liabilities approximate fair market value due to the short maturity of these instruments. We maintain cash balances at financial institutions, which may at times exceed the amounts insured by the Federal Deposit Insurance Corporation. Management does not believe there is significant credit risk associated with these financial institutions. The provision for doubtful accounts receivable is based on historical trends and current collectability risk.

We have significant accounts receivable with a few large, well known customers which, although historically secure, could be subject to material risk should these customers' operations suddenly deteriorate. Sales to Wal-Mart® comprised 36.5% of revenues in fiscal year 2018 and 31.3% of total accounts receivable was due from Wal-Mart® as of November 2, 2018. Sales to Wal-Mart® comprised 37.7% of revenues in fiscal year 2017 and 36.5% of total accounts receivable was due from Wal-Mart as of ® November 3, 2017. Sales to Dollar General® comprised 9.6% of revenues in fiscal year 2018 and 23.5% of total accounts receivable was due from Dollar General® as of November 2, 2018.

**Business segments**

Our company and subsidiaries operate in two business segments - the processing and distribution of frozen foods products, and the processing and distribution of snack food products. See Note 7 for further information.

**Fiscal year**

We maintain our accounting records on a 52-53-week fiscal basis ending on the Friday closest to October 31. As part of the regular accounting cycle, fiscal year 2018 included 52 weeks and fiscal year 2017 included 53 weeks.

**Revenues**

Revenues are recognized upon passage of title to the customer, typically upon product pick-up, shipment or delivery to customers. Products are delivered to customers primarily through our own long-haul fleet or through a Company owned direct store delivery system. These delivery costs, $3,883 and $3,556 for fiscal years 2018 and 2017, respectively, are included in selling, general and administrative expenses in the accompanying consolidated financial statements.

We record promotional and returns allowances based on recent and historical trends. Revenue is recognized as the net amount estimated to be received after deducting estimated amounts for discounts, trade allowances and product returns. Promotional allowances, including customer incentive and trade promotion activities, are recorded as a reduction to sales based on amounts estimated being due to customers, based primarily on historical utilization and redemption rates. Promotional allowances deducted from sales for fiscal years 2018 and 2017 were $8,840 and $9,123, respectively.

**Advertising expenses**

Advertising and other promotional expenses are recorded as selling, general and administrative expenses. Advertising expenses for fiscal years 2018 and 2017 were $2,713 and $2,403, respectively.

**Cash and cash equivalents**

We consider all investments with original maturities of three months or less to be cash equivalents. Cash equivalents include money market funds and treasury bills. Cash equivalents totaled $8,179 as of November 2, 2018 and $12,109 as of November 3, 2017. All material cash and cash equivalents as of November 2, 2018 were held at Wells Fargo Bank N.A.

**Fair value measurements**

We classify levels of inputs to measure the fair value of financial assets as follows:

- Level 1 inputs: Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

- Level 2 inputs: Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs: Level 3 inputs are unobservable and should be used to measure fair value to the extent that observable inputs are not available.

The hierarchy noted above requires us to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value.

The Company does not have any assets or liabilities measured at fair value on a recurring or non-recurring basis for the fiscal years ended November 2, 2018 and November 3, 2017.

**Inventories**

Inventories are valued at the lower of cost (which approximates actual cost on a first-in, first-out basis) or net realizable value. Inventories include the cost of raw materials, labor and manufacturing overhead. We regularly review inventory quantities on hand and write down any excess or obsolete inventories to net realizable value. An inventory reserve is created when potentially slow-moving or obsolete inventories are identified in order to reflect the appropriate inventory value. Changes in economic conditions, production requirements, and lower than expected customer demand could result in additional obsolete or slow-moving inventory that cannot be sold or must be sold at reduced prices and could result in additional reserve provisions.

**Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation. Major renewals and improvements are charged to the asset accounts while the cost of maintenance and repairs is charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is credited or charged to income. Depreciation is computed on a straight-line basis over 10 to 20 years for buildings and improvements, 5 to 10 years for machinery and equipment, and 3 to 5 years for transportation equipment. We are building a processing plant from the ground up and as such have attributed longer useful lives to these types of assets employed at the new facility in Chicago.

**Capital leases**

Leased property and equipment that meet capital lease criteria are capitalized at the lower of the present value of the minimum payments required under the lease or the fair value of the asset at inception of the lease and are included within property, plant and equipment on the consolidated balance sheet. If any, obligations under capital leases are accounted for as current and noncurrent liabilities on the consolidated balance sheet. Amortization is calculated on a straight-line method based upon the shorter of the estimated useful life of the asset or the lease term.

**Life insurance policies**

We record the cash surrender value or contract value for life insurance policies as an adjustment of premiums paid in determining the expense or income to be recognized under the contract for the period. The cash surrender value is included in other non-current assets in the accompanying consolidated balance sheets.

**Income taxes**

Deferred taxes are provided for items whose financial and tax bases differ. A valuation allowance is provided against deferred tax assets when it is expected that it is more likely than not that the related asset will not be fully realized. The determination as to whether or not a deferred tax asset can be fully realized is subject to a significant degree of judgment, based at least partially upon a projection of future taxable income, which takes into consideration past and future trends in profitability, customer demand, supply costs, and multiple other factors, none of which are predictable.

We provide tax accruals for federal, state and local exposures relating to audit results, tax planning initiatives and compliance responsibilities. The development of these accruals requires judgments about tax issues, potential outcomes and timing. (See Note 4 to the Consolidated Financial Statements). Although the outcome of these tax audits is uncertain, in management's opinion adequate provisions for income taxes have been made for potential liabilities emanating from these reviews. If actual outcomes differ materially from these estimates, they could have a material impact on our results of operations.

**Stock-based compensation**

We measure and recognize compensation expense for all share-based payments to employees, including grants of employee stock options, in the financial statements based on the fair value at the date of the grant. We have not issued, awarded, granted or entered into any stock-based payment agreements since April 29, 1999.

**Comprehensive income or loss**

Comprehensive income or loss consists of net income and additional minimum pension liability adjustments.

**Recently issued accounting pronouncements and regulations**

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASU 2014-09 "Revenue from Contracts with Customers" to supersede previous revenue recognition guidance under current U.S. GAAP. The guidance presents a single five-step model for comprehensive revenue recognition that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Two options are available for implementation of the standard which are either the retrospective approach or cumulative effect adjustment approach. The guidance becomes effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. The Company anticipates using the modified retrospective transition method beginning with the first quarter of fiscal 2019. The Company is completing its evaluation of the full impact of adoption of this guidance and does not presently expect adoption to have a material impact on its consolidated financial statements aside from more detailed and improved disclosure requirements.

In July 2015, the FASB issued ASU 2015-11 “Simplifying the Measurement of Inventory”. The guidance is part of the “Simplification Initiative” to identify and re-evaluate areas where the generally accepted accounting principles may be complex and cumbersome to apply. The guidance requires that inventory be stated at the lower of cost and net realizable value as opposed to the lower of cost or market. Net realizable value is the estimated selling price for the inventory less completion, disposal and transportation costs. The guidance is effective for fiscal years beginning after December 15, 2016. Adoption of this guidance in the first quarter of fiscal 2018 did not have a material impact on the Company’s results of operations or financial position.

In January 2016, the FASB issued ASU 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” that requires most equity investments to be measured at fair value and subsequent changes in fair value to be recognized in net income. The guidance covers presentation and disclosure requirements of financial liabilities and the classification and measurement of financial instruments. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017. The Company is currently evaluating this statement and its impact on its results of operations or financial position.

In February 2016, the FASB issued ASU 2016-02, “Leases”, which will require a lessee to recognize assets and liabilities with lease terms of more than 12 months. Both capital and operating leases will need to be recognized on the balance sheet. The guidance is effective for annual reporting periods beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. The Company is currently evaluating this statement and its impact on its results of operations or financial position.

In March 2016, the FASB issued ASU 2016-09 “Compensation-Stock Compensation” guidance which simplifies various aspects of the accounting for employee share-based payment transactions, including the accounting for income tax consequences, forfeitures, and statutory tax withholding requirements, as well as classification of related amounts within the statement of cash flows. Adoption of this guidance in the first quarter of fiscal 2018 did not have a material impact on results of Company operations or financial position.

In October 2016, the FASB issued ASU 2016-16, “Income Taxes – Classification of Certain Cash Receipts and Cash Payments”. The guidance involves eight specific cash flow issues and aims to unify accounting for these transactions. The guidance becomes effective for annual reporting periods beginning after December 15, 2017 with early adoption permitted. The Company is currently evaluating this guidance and its impact on its results of operations or financial position.

In March 2017, the FASB issued ASU 2017-07, “Compensation – Retirement Benefits”. The guidance separates service cost from other pension cost components changing the presentation of net periodic benefit cost related to company sponsored defined benefit or other postretirement benefits. The guidance becomes effective for annual and interim reporting periods beginning after December 15, 2017 with early adoption permitted. The Company is currently evaluating this guidance and its impact on its results of operations or financial position.

In February 2018, the FASB issued ASU 2018-02, “Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income”. The guidance allows reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the application of the U.S. Tax Cuts and Jobs Act. The guidance is effective for annual and interim reporting periods beginning after December 15, 2018 with early adoption permitted. The Company elected to early adopt this guidance during the quarter ended January 26, 2018. Adoption of this guidance had a material impact on retained earnings and other comprehensive income (see the Consolidated Statements of Shareholders’ Equity contained in this Report).

**NOTE 2 -** ***Composition of Certain Financial Statement Captions:***

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Inventories, net: | | | | |
| Meat, ingredients and supplies | $ | 6,455 | $ | 5,409 |
| Work in process | | 1,415 | | 1,501 |
| Finished goods | | 15,543 | | 16,106 |
| | $ | 23,413 | $ | 23,016 |
| Property, plant and equipment, net: | | | | |
| Land | $ | 3,908 | $ | 3,853 |
| Buildings and improvements | | 21,665 | | 19,944 |
| Machinery and equipment | | 57,593 | | 50,352 |
| Capital leased trucks | | 404 | | 1,060 |
| Transportation equipment | | 6,981 | | 6,436 |
| Construction in process | | 8,424 | | 648 |
| | | 98,975 | | 82,293 |
| Accumulated depreciation and amortization | | (66,337) | | (63,722) |
| | $ | 32,638 | $ | 18,571 |
| Other non-current assets: | | | | |
| Cash surrender value benefits | $ | 11,624 | $ | 13,105 |
| Other | | 6 | | 6 |
| | $ | 11,630 | $ | 13,111 |
| Accrued payroll, advertising and other expenses: | | | | |
| Payroll, vacation, payroll taxes and employee benefits | $ | 3,326 | $ | 3,252 |
| Accrued advertising and broker commissions | | 489 | | 576 |
| Property taxes | | 517 | | 450 |
| Other | | 245 | | 277 |
| | $ | 4,577 | $ | 4,555 |
| Current portion of non-current liabilities (Notes 3 and 6): | | | | |
| Defined benefit retirement plan | $ | 1,150 | $ | 1,150 |
| Executive retirement plans | | 10 | | 10 |
| Incentive compensation | | 4,796 | | 4,502 |
| Capital lease obligation | | - | | 424 |
| Customer deposits | | 10 | | 9 |
| Postretirement healthcare benefits | | 14 | | 13 |
| | $ | 5,980 | $ | 6,108 |
| Non-current liabilities (Note 3): | | | | |
| Defined benefit retirement plan | $ | 6,903 | $ | 13,122 |
| Executive retirement plans | | 5,553 | | 5,598 |
| Incentive compensation | | 4,487 | | 6,028 |
| Postretirement healthcare benefits | | 504 | | 515 |
| | $ | 17,447 | $ | 25,263 |

**NOTE 3 -** ***Retirement and Other Benefit Plans:***

**Noncontributory-Trusteed Defined Benefit Retirement Plans for Sales, Administrative, Supervisory and Certain Other Employees**

We have noncontributory-trusteed defined benefit retirement plans for sales, administrative, supervisory and certain other employees. In the third quarter of fiscal year 2006, we froze future benefit accruals under these plans for employees classified within the administrative, sales or supervisory job classifications or within any non-bargaining class. The benefits under these plans are primarily based on years of service and compensation levels. The funding policy of the plans requires contributions which are at least equal to the minimum required contributions needed to avoid a funding deficiency. The measurement date for the plans is our fiscal year end.

Net pension cost consisted of the following:

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Service cost | $ 126 | $ 131 |
| Interest cost | 2,248 | 2,196 |
| Expected return on plan assets | (3,408) | (2,901) |
| Amortization of unrecognized loss | 1,575 | 2,412 |
| Net pension cost | $ 541 | $ 1,838 |

Net pension costs and benefit obligations are determined using assumptions as of the beginning of each fiscal year.

Weighted average assumptions for each fiscal year are as follows:

| | 2018 | 2017 |
|---|---|---|
| Discount rate | 4.30% | 3.65% |
| Rate of increase in salary levels | N/A | N/A |
| Expected return on plan assets | 7.00% | 7.00% |

The benefit obligation, plan assets, and funded status of these plans as of the fiscal years ended are as follows:

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Change in plan assets: | | |
| Fair value of plan assets - beginning of year | $ 48,208 | $ 41,871 |
| Employer contributions | 3,150 | 1,150 |
| Actual return on plan assets | (242) | 6,853 |
| Benefits paid | (1,682) | (1,666) |
| Fair value of plan assets - end of year | $ 49,434 | $ 48,208 |
| Change in benefit obligations: | | |
| Benefit obligations - beginning of year | $ 62,480 | $ 68,287 |
| Service cost | 126 | 131 |
| Interest cost | 2,248 | 2,196 |
| Actuarial gain | (5,686) | (6,468) |
| Benefits paid | (1,681) | (1,666) |
| Benefit obligations - end of year | 57,487 | 62,480 |
| Funded status of the plans | (8,053) | (14,272) |
| Unrecognized prior service costs | - | - |
| Unrecognized net actuarial loss | 16,821 | 20,431 |
| Net amount recognized | $ 8,768 | $ 6,159 |

We perform an internal rate of return analysis when making the discount rate selection. The discount rates were based on Citigroup Pension Liability Index as of September 30, 2018 and October 31, 2017, respectively.

Plan assets are primarily invested in marketable equity securities, corporate and government debt securities and are administered by an investment management company. The plans' long-term return on assets is based on the weighted-average of the plans' investment allocation as of the measurement date and the published historical returns for those types of asset categories, taking into consideration inflation rate forecasts. We contributed $2,000 more than our expected employer contribution to the plans in fiscal 2018 as part of a tax planning strategy. Our expected employer contribution to the plans in fiscal year 2019 is $1,150.

For fiscal year 2018, our actuary updated mortality tables from the RP-2014 Mortality Total Dataset, adjusted to 2006 with Scale MP-2016, Scaling to RP-2014 Mortality Total Dataset, adjusted to 2006, with MP-2017 Scaling. The expected rate of return on plan assets remained the same at 7.00% effective for fiscal years 2018 and 2017, respectively.

The actual and target allocation for plan assets are as follows:

| Asset Class | 2018 | Target Asset Allocation | 2017 | Target Asset Allocation |
|---|---|---|---|---|
| Large Cap Equities | 21.4% | 22.0% | 29.7% | 30.0% |
| Mid Cap Equities | 0.0% | 0.0% | 0.0% | 0.0% |
| Small Cap Equities | 13.0% | 12.0% | 13.2% | 12.0% |
| International (equities only) | 24.7% | 26.0% | 22.9% | 23.0% |
| Fixed Income | 39.0% | 39.0% | 32.2% | 33.0% |
| Other (Government/Corporate, Bonds) | 0.0% | 0.0% | 0.0% | 0.0% |
| Cash | 1.9% | 1.0% | 2.0% | 2.0% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

The fair value of our pension plan assets as of November 2, 2018 and the level under which fair values were determined, using the hierarchy described in Note 1, is as follows:

| | 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Total plan assets | $ 49,434 | - | - | $ 49,434 |

Expected payments for the pension benefits are as follows:

| Fiscal Years | Pension Benefits |
|---|---|
| 2019 | $ 2,304 |
| 2020 | $ 2,234 |
| 2021 | $ 2,602 |
| 2022 | $ 2,772 |
| 2023 | $ 3,203 |
| 2024-2028 | $ 16,576 |

**Executive Retirement Plans**

**Non-Qualified Deferred Compensation**

Effective January 1, 1991, we adopted a deferred compensation savings plan for certain key employees. Under this arrangement, selected employees contribute a portion of their annual compensation to the plan. We contribute an amount to each participant’s account by computing an investment return equal to Moody’s Average Seasoned Bond Rate plus 2%. Employees receive vested amounts upon death, termination or attainment of retirement age. No benefit expense was recorded under this plan for fiscal years 2018 and 2017.

**Supplemental Executive Retirement Plan**

In fiscal year 1991, we adopted a non-qualified supplemental retirement plan for certain key employees. Benefits provided under the plan are equal to 60% of the employee’s final average earnings, less amounts provided by our defined benefit pension plan and amounts available through Social Security.

Benefits payable related to these plans and included in the accompanying consolidated financial statements were $5,563 and $5,608 as of November 2, 2018 and November 3, 2017, respectively. In connection with these arrangements we are the beneficiary of life insurance policies on the lives of certain key employees and retirees. The aggregate cash surrender value of these policies, included in non-current assets, was $11,624 and $13,105 as of November 2, 2018 and November 3, 2017, respectively.

Expected payments for executive postretirement benefits are as follows:

| Fiscal Years | | Executive Postretirement Benefits |
|---|---|---|
| 2019 | $ | 177 |
| 2020 | $ | 524 |
| 2021 | $ | 524 |
| 2022 | $ | 524 |
| 2023 | $ | 524 |
| 2024-2028 | $ | 2,619 |

**Incentive Compensation Plan for Certain Key Executives**

We provide an incentive compensation plan for certain key executives, which is based upon our pretax income. The payment of these amounts is generally deferred over three or five-year periods. The total amount payable related to this arrangement was $9,283 and $10,530 as of November 2, 2018 and November 3, 2017, respectively. Future payments are approximately $4,796, $3,140, $1,183, $113 and $51 for fiscal years 2019 through 2023, respectively.

**Postretirement Healthcare Benefits for Selected Executive Employees**

We provide postretirement health care benefits for selected executive employees. Net periodic postretirement healthcare (benefit) cost is determined using assumptions as of the beginning of each fiscal year, except for the total actual benefit payments and the discount rate used to develop the net periodic postretirement benefit expense, which is determined at the end of the fiscal year.

Net periodic postretirement healthcare (benefit) consisted of the following:

| | November 2. 2018 (52 Weeks) | | November 3. 2017 (53 Weeks) | |
|---|---|---|---|---|
| Service cost | $ | 13 | $ | 13 |
| Interest cost | | 18 | | 17 |
| Amortization of prior service cost | | (132) | | (132) |
| Amortization of actuarial gain | | (41) | | (58) |
| Net periodic postretirement healthcare (benefit) | $ | (142) | $ | (160) |

Weighted average assumptions for the fiscal years ended November 2, 2018 and November 3, 2017 are as follows:

| | 2018 | 2017 |
|---|---|---|
| Discount rate | 4.30% | 3.51% |
| Medical trend rate next year | 8.00% | 8.50% |
| Ultimate trend rate | 5.00% | 5.00% |
| Year ultimate trend rate is achieved | 2022 | 2022 |

The table below shows the estimated effect of a 1% increase in healthcare cost trend rate on the following:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| Interest cost plus service cost | $ | 4 | $ | 4 |
| Accumulated postretirement healthcare obligation | $ | 54 | $ | 64 |

The table below shows the estimated effect of a 1% decrease in healthcare cost trend rate on the following:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| Interest cost plus service cost | $ | (3) | $ | (4) |
| Accumulated postretirement healthcare obligation | $ | (45) | $ | (53) |

The healthcare obligation and funded status of this plan as of the fiscal years ended are as follows:

| | 2018 | 2017 |
|---|---|---|
| Change in accumulated postretirement healthcare obligation: | | |
| Healthcare obligation - beginning of year | $ 528 | $ 511 |
| Service cost | 13 | 13 |
| Interest cost | 18 | 17 |
| Actuarial gain | (40) | (11) |
| Benefits paid | (2) | (2) |
| Healthcare obligation – end of year | $ 517 | $ 528 |
| | | |
| Funded status of the plans | 517 | 528 |
| Unrecognized prior service costs | (44) | (176) |
| Unrecognized net actuarial gain | (109) | (110) |
| Unrecognized amounts recorded in other comprehensive income | 153 | 286 |
| Postretirement healthcare liability | $ 517 | $ 528 |

Expected payments for the postretirement benefits are as follows:

| Fiscal Years | Postretirement Healthcare Benefits |
|---|---|
| 2019 | $ 57 |
| 2020 | $ 84 |
| 2021 | $ 66 |
| 2022 | $ 46 |
| 2023-2027 | $ 111 |

**401(K) Plan for Sales, Administrative, Supervisory and Certain Other Employees**

During the fiscal year ended November 3, 2006, we implemented a qualified 401(K) retirement plan (the "401K Plan") for our sales, administrative, supervisory and certain other employees. During fiscal years 2018 and 2017, we made total employer contributions to the 401K Plan in the amounts of $660 and $599, respectively.

**NOTE 4 - *Income Taxes:***

The provision for income taxes includes the following:

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Current: | | |
| Federal | $ 979 | $ 4,039 |
| State | 377 | 450 |
| | 1,356 | 4,489 |
| Deferred: | | |
| Federal | 4,715 | (321) |
| State | 225 | (169) |
| | 4,940 | (490) |
| | $ 6,296 | $ 3,999 |

The total tax provision differs from the expected amount computed by applying the statutory federal income tax rate to income before income taxes as follows:

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Provision for federal income taxes at the applicable statutory rate | $ 2,956 | $ 4,373 |
| Increase in provision resulting from state income taxes, net of federal income tax benefit | 463 | 108 |
| Change in federal rate – Tax Act | 3,059 | - |
| Non-taxable life insurance gain | (99) | (459) |
| Domestic Production Activities Deduction | (106) | (375) |
| Change in valuation allowance | - | 77 |
| Other, net | 23 | 275 |
| | $ 6,296 | $ 3,999 |

Deferred income taxes result from differences in the bases of assets and liabilities for tax and accounting purposes.

| | 2018 | 2017 |
|---|---|---|
| Receivables allowance | $ 9 | $ 12 |
| Returns allowance | 112 | 264 |
| Inventory packaging reserve | 35 | 129 |
| Inventory overhead capitalization | 305 | 480 |
| Employee benefits | 385 | 544 |
| Other | - | 1 |
| State taxes | (230) | (420) |
| Incentive compensation | 2,174 | 3,399 |
| Pension and health care benefits | 3,494 | 7,736 |
| Depreciation | (2,274) | (2,105) |
| Net operating loss carry-forward and credits | 77 | 77 |
| Valuation allowance established against state NOL | (77) | (77) |
| Non-current tax assets, net | $ 4,010 | $ 10,040 |

Management is required to evaluate whether a valuation allowance should be established against its deferred tax assets based on the consideration of all available evidence using a "more likely than not" standard. Realization of deferred tax assets is dependent upon taxable income in prior carryback years, estimates of future taxable income, tax planning strategies, and reversals of existing taxable temporary differences.

Management reevaluated the need for a valuation allowance at the end of 2018 and determined that some of its California net operating loss ("NOL") may not be utilized. Therefore, a valuation allowance of $77 has been retained for such portion of the California NOL. Management has concluded that it is more likely than not that the other deferred tax assets as of November 2, 2018 will be realized.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act includes significant changes to the U.S. tax code that affected our fiscal year ended November 2, 2018, and future periods, including, but not limited to, (1) reducing the corporate federal income tax rate from 35% to 21%, (2) bonus depreciation that will allow for full expensing of qualified property in the year placed in service, and (3) the repeal of the domestic production activity deduction beginning with our fiscal year 2019. Section 15 of the Internal Revenue Code (the "Code") stipulates that our fiscal year ended November 2, 2018 will have a blended corporate tax rate of 23.07%, which is based on the applicable tax rates before and after the Tax Act and the number of days in the year.

Under U.S. GAAP, specifically ASC Topic 740, *Income Taxes,* the tax effects of changes in tax laws must be recognized in the period in which the law is enacted, or December 22, 2017, for the Tax Act. ASC Topic 740 also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. Thus, at the date of enactment, the Company's deferred taxes were re-measured based upon the new tax rates.

The Tax Act reduced the corporate tax rate from 35% to 21%, effective January 1, 2018. This results in a blended corporate tax rate of 23.07% in fiscal year 2018 and 21% thereafter. We analyzed our deferred tax balances to estimate which of those balances are expected to reverse in fiscal 2018 or thereafter, and we re-measured the deferred taxes at 23.07% or 21% accordingly. The change in deferred taxes is recorded as an adjustment to our income tax provision, which resulted in a charge totaling $3,059 in fiscal 2018.

The Company adopted ASU 2018-02, "Income Statement-Reporting Other Comprehensive Income (OCI) (Topic 220)" in year ended November 2, 2018. As a result of the remeasurement of deferred tax assets related to the Tax Act, we reclassified $2,529 from Other Comprehensive Income to Retained Earnings.

As of November 2, 2018, the Company had net operating loss carryforwards of approximately $874 for state purposes. These loss carryforwards will expire at various dates from 2018 through 2033.

As of November 2, 2018, we have provided a liability of $155 to unrecognized tax benefits related to various federal and state income tax matters. None of this liability will reduce our effective income tax rate if the asset is recognized in future reporting periods. We have not identified any new unrecognized tax benefits.

As of November 3, 2017, we have provided a liability of $135 to unrecognized tax benefits related to various federal and state income tax matters. None of this liability will reduce our effective income tax rate if the asset is recognized in future reporting periods. We have not identified any new unrecognized tax benefits.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

| | November 2, 2018 (52 Weeks) | November 3, 2017 (53 Weeks) |
|---|---|---|
| Balance at beginning of year | $ 135 | $ 130 |
| Additions based on tax positions related to the current year | 10 | 14 |
| Additions for tax positions of prior years | - | - |
| Reductions for tax positions of prior years | 10 | (9) |
| Settlements | - | - |
| Balance at end of year | $ 155 | $ 135 |

We recognize any future accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of November 2, 2018, we had approximately $22 in accrued interest and penalties which is included as a component of the $155 unrecognized tax benefit noted above.

Our federal income tax returns are open to audit under the statute of limitations for the fiscal years 2015 through 2017.

We are subject to income tax in California and various other state taxing jurisdictions. Our state income tax returns are open to audit under the statute of limitations for the fiscal years ended 2014 through 2017.

We do not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

**NOTE 5 - *Line of Credit and Borrowing Agreement:***

We maintain a line of credit with Wells Fargo Bank, N.A. that expires on March 1, 2020. The line of credit was expanded from $5,000 to $7,500 during the first quarter of fiscal 2017. Under the terms of this line of credit, we may borrow up to $7,500 at an interest rate equal to the bank's prime rate or Libor plus 1.5%. The borrowing agreement contains various covenants, the more significant of which require us to maintain a minimum tangible net worth, a minimum quick ratio, a minimum net income after tax and total capital expenditures less than $7,500. The Company was in violation of the capital expenditure covenant which was subsequently waived by letter dated January 3, 2019. The Company was in compliance with all other covenants as of November 2, 2018. There have been no borrowings under this line of credit during fiscal year 2018.

On December 26, 2018, we entered into a master collateral loan and security agreement with Wells Fargo Bank, N.A for up to $15,000 in equipment financing. Pursuant to the loan agreement, we borrowed $7,500 to purchase specific equipment for our new Chicago processing facility at a fixed rate of 4.13% per annum. The loan term is seven years and is secured by the equipment purchased. The funds were received on December 28, 2018. Our agreement with Wells Fargo Bank, N.A. contains various affirmative and negative covenants that limit the use of funds and define other provisions of the loan. The main financial covenants are listed below:

- Total Liabilities divided by Tangible Net Work not greater than 2.5 to 1.0 at each fiscal quarter,
- Quick Ratio not less than 1.0 to 1.0 at each fiscal quarter end,
- Net income after taxes not less than one dollar on a quarterly basis, determined as of each fiscal quarter end.

**NOTE 6 - *Contingencies and Commitments:***

We lease warehouse and/or office facilities throughout the United States under month-to-month rental agreements.

We invested in OTR (over-the-road) tractors during fiscal year 2012 financed by a capital lease obligation in the amount of $1,848. The total capital lease obligation was settled as of November 2, 2018 with no remaining lease liability. We bought several of the tractors and converted to month-to-month arrangements on other tractors as needed. We plan to invest in new capital lease arrangements in fiscal year 2019.

**NOTE 7 -** ***Segment Information:***

We have two reportable operating segments, Frozen Food Products (the processing and distribution of frozen products) and Snack Food Products (the processing and distribution of meat and other convenience foods).

We evaluate each segment's performance based on revenues and operating income. Selling, general and administrative expenses include corporate accounting, information systems, human resource and marketing management at the corporate level. These activities are allocated to each operating segment based on revenues and/or actual usage.

The following segment information is for the fiscal years ended November 2, 2018 (52 weeks) and November 3, 2017 (53 weeks):

**Segment Information**

| 2018 | Frozen Food Products | Snack Food Products | Other | Totals |
|---|---|---|---|---|
| Net Sales | $ 47,266 | $ 126,991 | $ - | $ 174,257 |
| Cost of products sold | 30,992 | 86,759 | - | 117,751 |
| Gross margin | 16,274 | 40,232 | - | 56,506 |
| SG&A | 14,226 | 35,703 | - | 49,929 |
| Gain on sale of property, plant and equipment | (242) | (17) | (5,977) | (6,236) |
| Income before taxes | $ 2,290 | $ 4,546 | $ 5,977 | $ 12,813 |
| | | | | |
| Total assets | $ 11,902 | $ 64,429 | $ 25,163 | $ 101,494 |
| Additions to PP&E | $ 981 | $ 17,166 | $ - | $ 18,147 |

**Segment Information**

| 2017 | Frozen Food Products | Snack Food Products | Other | Totals |
|---|---|---|---|---|
| Net Sales | $ 49,081 | $ 118,142 | $ - | $ 167,223 |
| Cost of products sold | 30,177 | 75,460 | - | 105,637 |
| Gross margin | 18,904 | 42,682 | - | 61,586 |
| SG&A | 14,734 | 34,082 | - | 48,816 |
| Gain on sale of property, plant and equipment | (28) | (30) | - | (58) |
| Income before taxes | $ 4,198 | $ 8,630 | $ - | $ 12,828 |
| | | | | |
| Total assets | $ 11,826 | $ 49,511 | $ 36,208 | $ 97,545 |
| Additions to PP&E | $ 356 | $ 11,218 | $ - | $ 11,574 |

**NOTE 8-** ***Unaudited Interim Financial Information:***

Not applicable for a smaller reporting company.

**Exhibit 21.1**

**BRIDGFORD FOODS CORPORATION**

**SUBSIDIARIES OF REGISTRANT**

| Name of Subsidiary | State in which Incorporated |
|---|---|
| Bridgford Marketing Company | California |
| Bridgford Meat Company | California |
| Bridgford Food Processing Corporation | California |
| Bridgford Food Processing of Texas, L.P.** | Texas |
| A.S.I. Corporation | California |
| Bridgford Distributing Company of Delaware (inactive) | Delaware |
| American Ham Processors, Inc.* | Delaware |
| Bert Packing Company (inactive) | Illinois |
| Moriarty Meat Company | Illinois |

* - No shares have been issued.

** - Limited Partnership.

**Exhibit 31.1**

I, William L. Bridgford, certify that:

1. I have reviewed this annual report on Form 10-K of Bridgford Foods Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 18, 2019

*/s/ WILLIAM L. BRIDGFORD*

**William L. Bridgford, Chairman of the Board**
**(Principal Executive Officer)**

**Exhibit 31.2**

I, Raymond F. Lancy, certify that:

1. I have reviewed this annual report on Form 10-K of Bridgford Foods Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 18, 2019

*/s/ RAYMOND F. LANCY*

**Raymond F. Lancy**
**Chief Financial Officer, Executive Vice President,**
**Treasurer and Assistant Secretary**
**(Principal Financial and Accounting Officer)**

**Exhibit 32.1**

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, William L. Bridgford, Chairman of the Board of Bridgford Foods Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the fiscal year ended November 2, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 18, 2019

*/s/ WILLIAM L. BRIDGFORD*

**William L. Bridgford**
**Chairman of the Board**
**(Principal Executive Officer)**

This certification accompanies the Annual Report on Form 10-K pursuant to Section 13(a) and Section 15(d) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

**Exhibit 32.2**

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Raymond F. Lancy, Chief Financial Officer, Executive Vice President, Treasurer and Assistant Secretary of Bridgford Foods Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the fiscal year ended November 2, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 18, 2019

*/s/ RAYMOND F. LANCY*

**Raymond F. Lancy**
**Chief Financial Officer, Executive Vice President**
**Treasurer and Assistant Secretary**
**(Principal Financial and Accounting Officer)**

This certification accompanies the Annual Report on Form 10-K pursuant to Section 13(a) and Section 15(d) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

**BRIDGFORD FOODS CORPORATION**

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**NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS**
**March 13, 2019**
**10:00 a.m. Pacific Time**

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To the Shareholders of BRIDGFORD FOODS CORPORATION:

The annual meeting of the shareholders of Bridgford Foods Corporation, a California corporation, will be held at the offices of Bridgford Foods Corporation, 1308 North Patt Street, Anaheim, California 92801, on Wednesday, March 13, 2019 at 10:00 a.m. Pacific Time, for the following purposes:

(1) To elect nine directors to hold office for one year or until their successors are elected and qualified;

(2) To ratify the appointment of Squar Milner LLP as the Company's independent registered public accountants for the fiscal year ending on November 1, 2019; and

(3) To transact such other business as may properly come before the meeting, or any postponements or adjournments thereof.

The Board of Directors recommends that you vote "FOR" each of the director nominees referenced in Proposal 1 and "FOR" Proposal 2. Each of the proposals is described in greater detail in the Proxy Statement accompanying this Notice of 2019 Annual Meeting of Shareholders, or this Notice.

Only shareholders of record at the close of business on February 1, 2019 are entitled to notice of and to vote at the meeting or any postponement or adjournment thereof.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on Wednesday, March 13, 2019.**

Pursuant to the rules of the Securities and Exchange Commission, or the SEC, the Company has elected to provide access to its proxy materials both by sending you a full set of proxy materials, including this Notice, the accompanying Proxy Statement and Proxy Card, and the 2018 Annual Report to Shareholders, and by notifying you of the availability of the proxy materials on the Internet. **The Notice, Proxy Statement, Proxy Card and 2018 Annual Report to Shareholders are available at:**

**https://materials.proxyvote.com/108763**

**All shareholders are cordially invited to attend the annual meeting. HOWEVER, TO ENSURE YOUR REPRESENTATION AT THE MEETING, THE BOARD OF DIRECTORS RESPECTFULLY URGES YOU TO SIGN, DATE AND RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE. If you attend the meeting in person, you may withdraw your proxy and vote your shares at the meeting. Shareholders attending the meeting whose shares are held in the name of a broker or other nominee who desire to vote their shares at the meeting should bring with them a letter or account statement from that firm confirming their ownership of shares.**

**The meeting will be held at the principal offices of Bridgford Foods Corporation, which are located at 1308 North Patt Street, Anaheim, California 92801, one block east of Anaheim Blvd. and just south of the 91 Freeway in the city of Anaheim, California. Driving directions may be obtained by contacting the receptionist at (714) 526-5533.**

**Your vote is extremely important. Please vote as soon as possible to ensure that your vote is recorded promptly even if you plan to attend the annual meeting.**

By order of the Board of Directors
*/s/ Cindy Matthews-Morales*

**Cindy Matthews-Morales**
***Secretary***
Anaheim, California
February 18, 2019

**BRIDGFORD FOODS CORPORATION**
**1308 North Patt Street, Anaheim, California 92801**

**2019 ANNUAL MEETING OF SHAREHOLDERS**
**to be held March 13, 2019**

## PROXY STATEMENT

## GENERAL INFORMATION

The enclosed proxy is solicited by the Board of Directors of Bridgford Foods Corporation, a California corporation, which we refer to as "the Company," "we," "us," or "our," for use at the 2019 Annual Meeting of Shareholders of the Company, or the Annual Meeting, to be held at the offices of the Company, which are located at 1308 North Patt Street, Anaheim, California 92801, on Wednesday, March 13, 2019 at 10:00 a.m. Pacific Time, and at any postponement or adjournment thereof. All shareholders of record at the close of business on February 1, 2019 are entitled to notice of and to vote at such meeting. This Proxy Statement and the accompanying proxy are being mailed on or about February 18, 2019.

## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

*The following questions and answers are intended to briefly address potential questions that our shareholders may have regarding this Proxy Statement and the Annual Meeting. They are also intended to provide our shareholders with certain information that is required to be provided under the rules and regulations of the SEC. These questions and answers may not address all of the questions that are important to you as a shareholder. If you have additional questions about the Proxy Statement or the Annual Meeting, please see "Whom should I contact with other questions?" below.*

**1. What is the purpose of the Annual Meeting?**

At the Annual Meeting, our shareholders will be asked to consider and vote upon the matters described in this Proxy Statement and in the accompanying Notice, and any other matters that properly come before the Annual Meeting.

**2. What is a proxy statement and what is a proxy?**

A proxy statement is a document that the SEC regulations require us to give you when we ask you to sign a proxy designating individuals to vote on your behalf. A proxy is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card.

**3. Why did I receive these proxy materials?**

We are providing these proxy materials in connection with the solicitation by the Board of Directors of the Company of proxies to be voted at the Annual Meeting, and at any postponement or adjournment thereof. This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. You are invited to attend the Annual Meeting in person to vote on the proposals described in this Proxy Statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may vote your shares using one of the other voting methods described in this Proxy Statement. Whether or not you expect to attend the Annual Meeting, please vote your shares as soon as possible in order to ensure your representation at the Annual Meeting and to minimize the cost to the Company of proxy solicitation.

**4. What am I being asked to vote upon at the Annual Meeting?**

At the Annual Meeting, you will be asked to:

- Vote on the election of nine director nominees to serve for one year or until their successors are elected and qualified (Proposal 1);
- Ratify the appointment of Squar Milner LLP as the Company's independent registered public accountants for the fiscal year ending on November 1, 2019 (Proposal 2); and
- Act upon such other matters as may properly come before the Annual Meeting or any postponement or adjournment thereof.

**5. Does the Board of Directors recommend voting in favor of the proposals?**

Yes. The Board of Directors unanimously recommends that you vote your shares:

- "FOR" each of the director nominees (Proposal 1); and

- "FOR" the ratification of the appointment of Squar Milner LLP as the Company's independent registered public accountants for the fiscal year ending on November 1, 2019 (Proposal 2).

**6. Who can vote at the Annual Meeting?**

Only our "shareholders of record" at the close of business on February 1, 2019, the Record Date, will be entitled to vote at the Annual Meeting. On the Record Date, there were 9,076,832 shares of our common stock outstanding and entitled to vote. Each share of common stock entitles the holder thereof to one vote on each matter to be voted upon by such shareholders and, upon prior notice, to cumulate votes for the election of directors as discussed in Proposal 1 below.

*Beneficial Owners*

If, on the Record Date, your shares were held in an account at a bank, broker, dealer, or other nominee, then you are the "beneficial owner" of shares held in "street name" and this Proxy Statement is being forwarded to you by that nominee. The nominee holding your account is considered the "shareholder of record" for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your nominee on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the "shareholder of record," you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your nominee. Please contact your nominee directly for additional information.

Brokers, banks or other nominees holding shares of record for their respective customers generally are not entitled to vote on the election of directors unless they receive voting instructions from their customers. As used herein, "uninstructed shares" means shares held by a nominee who has not received instructions from its customers on a particular matter. As used herein, "broker non-vote" means the votes that could have been cast on the matter by nominees with respect to uninstructed shares if the nominees had received instructions. The effect of proxies marked "withheld" as to any director nominee or "abstain" as to any other proposal, and the effect of broker non-votes on each of the proposals, is discussed in each proposal below.

**7. What are the voting requirements to approve the proposals?**

All proxies, which are properly completed, signed and returned to the Company prior to the Annual Meeting, and not revoked, will be voted in accordance with the instructions given in the proxy. Please see each proposal below for voting requirements to approve the proposals.

**8. What happens if I do not vote?**

Please see each proposal below for the effect of not voting as well as the effect of withholdings, abstentions and broker non-votes.

**9. What is the quorum requirement for the Annual Meeting?**

The presence at the Annual Meeting of a majority of the outstanding shares, in person or by proxy, relating to any matter to be acted upon at the Annual Meeting, is necessary to constitute a quorum for the Annual Meeting. For purposes of the quorum, shareholders of record who are present at the Annual Meeting in person or by proxy and who abstain or withhold their vote, including brokers, dealers or other nominees holding shares of their respective customers of record who cause abstentions to be recorded at the Annual Meeting, are considered shareholders who are present and entitled to vote and count toward the quorum. If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

**10. How can I vote my shares?**

Shareholders of record can vote by proxy or by attending the Annual Meeting and voting in person. The persons named as proxies were designated by the Board of Directors. If you vote by proxy, you can vote by mail as described below. If you are the beneficial owner of shares held in "street name," please refer to the information forwarded by your bank, broker, dealer or other nominee to see which voting options are available to you.

- *Vote by Mail.* You can vote by mail pursuant to the instructions provided on the Proxy Card. If you hold shares beneficially in "street name," you can vote by mail by following the voting instruction card provided to you by your broker, bank, trustee or nominee. If you choose to vote by mail, simply mark, sign, date and return your Proxy Card in the enclosed postage-prepaid envelope provided with this Proxy Statement.
- *Vote at the Annual Meeting.* Voting by mail will not limit your right to vote at the Annual Meeting if you decide to attend in person. Nevertheless, to ensure your representation at the Annual Meeting, the Board of Directors respectfully urges you to vote by mail. If you attend the meeting in person, you may withdraw your proxy and vote your shares at the meeting. Shareholders attending the meeting whose shares are held in "street name" by a bank, broker, dealer or other nominee who desire to vote their shares at the meeting should bring with them a letter or account statement from that firm confirming their ownership of shares prior to the Record Date.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting. If you sign and return your Proxy Card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors (as described in each proposal below).

**11. How may I attend the Annual Meeting?**

You are entitled to attend the Annual Meeting only if you were a shareholder as of the Record Date or hold a valid proxy for the Annual Meeting. Since seating is limited, admission to the Annual Meeting will be on a first-come, first-served basis. You should be prepared to present valid government-issued photo identification for admittance, such as a passport or driver's license. If your shares are held in "street name," you also will need proof of ownership as of the Record Date to be admitted to the Annual Meeting, such as a letter or account statement from the bank, broker, dealer or other nominee confirming your ownership of shares prior to the Record Date, a copy of the voting instruction card provided by your bank, broker, dealer or other nominee, or similar evidence of ownership. If you do not comply with each of the foregoing requirements, you may not be admitted to the Annual Meeting.

The meeting will be held at the principal offices of the Company, which are located at 1308 North Patt Street, Anaheim, California 92801, one block east of Anaheim Blvd. and just south of the 91 Freeway in the city of Anaheim, California. Driving directions may be obtained by contacting the receptionist at (714) 526-5533.

**12. What can I do if I change my mind after I vote my shares?**

Any proxy may be revoked or superseded by (i) executing a later proxy, (ii) giving notice of revocation in writing prior to, or at, the Annual Meeting, or (iii) attending the Annual Meeting, withdrawing the proxy and voting in person. Attendance at the Annual Meeting will not in and of itself constitute revocation of the proxy. If you have instructed your bank, broker, dealer or other nominee to vote your shares, you must follow directions received from your nominee to change those instructions.

**13. Could other matters be decided at the Annual Meeting?**

As of the date this Proxy Statement went to press, the Board of Directors did not know of any matters which will be brought before the Annual Meeting other than those specifically set forth in the Notice hereof. However, if any other matter properly comes before the Annual Meeting, it is intended that the proxies, or their substitutes, will vote on such matters in accordance with their best judgment.

**14. Who is paying for the cost of this proxy solicitation?**

Solicitation of proxies will be primarily by mail, although some of the officers, directors and employees of the Company may solicit proxies personally or by telephone, facsimile or electronic mail. All expenses incurred in connection with this solicitation will be borne by the Company. The Company will reimburse brokers and others who incur costs to send proxy materials to beneficial owners of stock in the name of a broker or nominee.

**15. I share an address with another shareholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?**

The SEC rules permit brokers and other persons who hold the Company's shares for beneficial owners, to participate in a practice known as "householding," which means that only one copy of the Proxy Statement and annual report will be sent to multiple shareholders who share the same address unless other instructions are provided to the Company. Householding is designed to reduce printing and postage costs and therefore results in cost savings for the Company. If you receive a household mailing this year and would like to have additional copies of this Proxy Statement and/or the 2018 Annual Report mailed to you, or if you would like to opt out of this practice for future mailings, please contact your broker or other nominee record holder, or submit your request to:

Bridgford Foods Corporation
1308 North Patt Street
Anaheim, California 92801
Attention: Corporate Secretary
Phone: (714) 526-5533

Upon receipt of any such request, the Company agrees to promptly deliver a copy of this Proxy Statement and/or the 2018 Annual Report to you. In addition, if you are currently a shareholder sharing an address with another shareholder and wish to receive only one copy of future proxy materials for your household, please contact us using the contact information set forth above.

**16. Where can I find voting results of the Annual Meeting?**

We will announce preliminary voting results with respect to each proposal at the Annual Meeting. In accordance with SEC rules, final voting results will be published in a Current Report on Form 8-K within four business days following the Annual Meeting, unless final results are not known at that time in which case preliminary voting results will be published within four business days of the Annual Meeting and final voting results will be published once they are known by the Company.

**17. What is the deadline to submit shareholder proposals or director nominations for the 2020 Annual Meeting?**

Proposals of shareholders intended to be presented at the 2020 Annual Meeting of Shareholders must be received at the Company's principal office no later than 120 days prior to the first anniversary of the date on which the proxy materials for the 2019 Annual Meeting were first sent to shareholders for inclusion in the Proxy Statement and form of proxy relating to that meeting. However, if the date of the 2020 Annual Meeting of Shareholders has been changed by more than 30 days from the date of the 2019 Annual Meeting, then the deadline is a reasonable time before the Company begins to print and send its proxy materials. Matters pertaining to such proposals, including the number and length thereof, eligibility of persons entitled to have such proposals included and other aspects are regulated by the Securities Exchange Act of 1934 and the rules and regulations of the SEC.

Additionally, any shareholder desiring to submit a proposal for action or to nominate one or more persons for election as directors at our 2020 Annual Meeting of Shareholders must submit a notice of the proposal or nomination including the information required by our bylaws to the Company's Corporate Secretary, c/o Bridgford Foods Corporation, 1308 North Patt Street, Anaheim, California 92801, between 60 and 90 days prior to the first anniversary on the date on which the proxy materials for the 2019 Annual Meeting were first sent to shareholders, or else it will be considered untimely and ineligible to be properly brought before the Annual Meeting. However, if our 2020 Annual Meeting of Shareholders is not held within 30 days of the first anniversary of the 2019 Annual Meeting, under our bylaws, this notice must be provided not later than the close of business on the tenth day following the date on which notice of the date of the 2020 Annual Meeting of Shareholders is first mailed to shareholders or otherwise publicly disclosed, whichever first occurs.

**18. Where can I find information about the Annual Report of the Company?**

The Company will furnish without charge to each person whose proxy is being solicited, upon request of any such person, a copy of the Annual Report of the Company on Form 10-K for the fiscal year ended November 2, 2018, as such was filed with the SEC, including financial statements and associated schedules. Such report was filed with the SEC on January 18, 2019 and is available on the SEC's website at www.sec.gov, as well as the Company's website at www.bridgford.com. Requests for copies of such report should be directed to:

Bridgford Foods Corporation
1308 North Patt Street
Anaheim, California 92801
Attention: Corporate Secretary

**19. Whom should I contact with other questions?**

If you have additional questions about this Proxy Statement or the Annual Meeting, or if you would like additional copies of this Proxy Statement, please contact:

Bridgford Foods Corporation
1308 North Patt Street
Anaheim, California 92801
Attention: Corporate Secretary
Phone: (714) 526-5533

## PROPOSAL 1

## ELECTION OF DIRECTORS

The directors of the Company are elected annually to serve until the next annual meeting of the shareholders or until their respective successors are elected and duly qualified. At the Annual Meeting, nine directors have been nominated for election. The election of directors shall be by the affirmative vote of the holders of a plurality of the shares voting in person or by proxy at the Annual Meeting. Every shareholder, or his or her proxy, entitled to vote upon the election of directors may cumulate his or her votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which his or her shares are entitled, or distribute his or her votes on the same principle among as many candidates as he or she deems appropriate. No shareholder or proxy, however, shall be entitled to cumulate votes unless such candidate or candidates have been nominated prior to the voting and the shareholder has given notice at the meeting, prior to the voting, of the shareholder's intention to cumulate such shareholder's votes. If any shareholder gives such notice, all shareholders may cumulate their votes for candidates in nomination. All nominees are presently directors of the Company. All directors were elected to the Board of Directors by the Company's shareholders at the 2018 Annual Meeting. All current directorships are being filled.

Unless otherwise instructed, shares represented by the proxies will be voted "FOR" the election of each of the nominees listed below. Broker non-votes and proxies marked "WITHHELD" as to one or more of the nominees will result in the respective nominees receiving fewer votes. However, the number of votes otherwise received by the nominee will not be reduced by such action.

Each nominee has indicated that he is willing and able to serve as director if elected. In the event that any of such nominees shall become unavailable for any reason, an event which management does not anticipate, it is intended that proxies will be voted for substitute nominees designated by management.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF EACH OF THE DIRECTOR NOMINEES NAMED BELOW.**

The following table and biographical summaries set forth, with respect to each nominee for director, his age, his principal occupation and the year in which he first became a director of the Company. Data with respect to the number of shares of the Company's common stock beneficially owned by each of such persons as of February 1, 2019 appears under the caption "PRINCIPAL SHAREHOLDERS AND MANAGEMENT" below.

| Name | Age | Principal Occupation | Year First Became Director |
|---|---|---|---|
| William L. Bridgford | 64 | Chairman of the Board and Member of the Executive Committee of the Company (1)(4) | 2004 |
| Allan L. Bridgford, Jr. | 60 | Retired Executive of the Company (1)(4) | 2011 |
| Bruce H. Bridgford | 66 | President of Bridgford Foods of California (1)(4) | 2009 |
| John V. Simmons | 63 | President and Member of the Executive Committee of the Company (4) | 2011 |
| Todd C. Andrews | 53 | Vice President and Controller of Public Storage (2)(3)(4) | 2004 |
| D. Gregory Scott | 62 | Managing Director of Peak Holdings, LLC (2)(3)(4) | 2006 |
| Raymond F. Lancy | 65 | Chief Financial Officer, Vice President, Treasurer and Member of the Executive Committee of the Company (4) | 2013 |
| Keith A. Ross | 56 | Real Estate Consultant (4) | 2016 |
| Paul R. Zippwald | 81 | Director (2)(3)(4) | 1992 |

(1) William L. Bridgford, Allan L. Bridgford, Jr. and Bruce H. Bridgford are cousins.
(2) Member of the Compensation Committee.
(3) Member of the Audit Committee.
(4) Member of the Nominating Committee.

### Directors

*William L. Bridgford*

William L. Bridgford has served as Chairman of the Board since March of 2006. He previously served as President of the Company from June of 2004 until March of 2006, and Secretary of the Company for more than five years. Mr. Bridgford has been a full-time employee of the Company since 1981. He has also served as a member of the Executive Committee since 2004. Mr. Bridgford is a graduate of California State University, Fullerton with a degree in Business Management.

Mr. Bridgford is one of the principal owners of Bridgford Industries Incorporated, the Company's majority shareholder. He brings to the Board extensive experience in the operations of the Company and provides strong leadership skills that provide strategic business guidance to the Company. The Board believes his executive managerial experience and Company knowledge base combined with his understanding of corporate values and culture qualify him to serve as a member of the Board.

*Allan L. Bridgford, Jr.*

Allan L. Bridgford, Jr. served as President of Bridgford Foods Processing Corporation, formerly known as Bridgford Foods of Illinois, Inc., a division of the Company, from January 1983 until his retirement in October of 2002. Mr. Bridgford is a graduate of the University of Missouri with a degree in Economics.

Mr. Bridgford is one of the principal owners of Bridgford Industries Incorporated, the Company's majority shareholder. He brings to the Board extensive sales, marketing and distribution experience in the food industry. The Board believes these skills and experiences qualify him to serve as a member of the Board. In addition to his service on the Board, Mr. Bridgford provides business consulting services to the Company.

*Bruce H. Bridgford*

Bruce H. Bridgford has served as President of Bridgford Foods of California, a division of the Company, since March of 1999. Mr. Bridgford has been a full time employee of the Company since 1977 and earned a B.S. degree in Business with a concentration in finance and marketing from the University of Southern California.

Mr. Bridgford is one of the principal owners of Bridgford Industries Incorporated, the Company's majority shareholder. He provides key insight into the direct store delivery operations of the Company as well as strategic direction for the sales management and marketing functions of the Company. The Board believes these skills and experiences qualify him to serve as a member of the Board.

*John V. Simmons*

John V. Simmons has served as President of the Company and member of the Executive Committee since 2006. He previously served as Vice President of the Company for more than five years. Mr. Simmons earned a B.A. degree in Psychology from the University of Wisconsin.

Mr. Simmons has extensive knowledge and experience in the areas of marketing, product research and development, trade relations and operations developed as an employee of the Company since 1979. The Board believes these skills and experiences qualify him to serve as a member of the Board.

*Todd C. Andrews*

Todd C. Andrews is a Certified Public Accountant (inactive) and presently serves as Vice President and Controller of Public Storage, a member of the S&P 500, headquartered in Glendale, California. Mr. Andrews has been employed by Public Storage since 1997. Mr. Andrews graduated cum laude with a Bachelor of Science degree in Business Administration with an emphasis in accounting and finance from California State University, Northridge.

Mr. Andrews has extensive experience in multiple accounting and finance roles over a period of more than 20 years. In particular, Mr. Andrews is experienced in the areas of financial reporting and analysis, treasury management, SEC reporting, internal controls and procedures and operational analysis. In addition, Mr. Andrews brings a diverse set of perspectives to the Board from serving in positions in multiple industries, including public accounting, entertainment, and real estate. The Board believes these skills and experiences qualify him to serve as a member of the Board. Mr. Andrews also qualifies as an audit committee financial expert and is financially sophisticated within the meaning of the NASDAQ Listing Rules.

*D. Gregory Scott*

D. Gregory Scott is a Certified Public Accountant (inactive) and currently serves as the Managing Director of Peak Holdings, LLC, an investment management company based in Beverly Hills, California. Mr. Scott has been with Peak Holdings, LLC for more than the past five years. Peak Holdings, LLC and its affiliates own and manage in excess of three million square feet of office, retail and warehouse space throughout the United States.

Mr. Scott brings to the Board extensive financial and managerial experience, which qualifies him to serve as a member of the Board. Mr. Scott also qualifies as an audit committee financial expert and has financial sophistication as described in the NASDAQ Listing Rules.

*Raymond F. Lancy*

Raymond F. Lancy has served as Treasurer of the Company for more than the past five years. He has also served as a member of the Executive Committee since 2001, Vice President since 2001 and Chief Financial Officer since 2003. Mr. Lancy is a Certified Public Accountant (inactive) and worked for ten years as an auditor at PricewaterhouseCoopers LLP. He earned a Bachelor of Science degree with a major in Administration with high honors from California State University, San Bernardino.

Mr. Lancy has extensive knowledge and experience in the areas of finance and management developed at PricewaterhouseCoopers LLP and as an employee of the Company since July of 1992 and as Chief Financial Officer since 2003. The Board believes these skills and experiences qualify him to serve as a member of the Board.

*Keith A. Ross*

Keith A. Ross is a real estate consultant. From August 2013 to the present, Mr. Ross has served as Executive Vice President of CT Realty, or CTR, a real estate investment, development and management company based in Aliso Viejo, California. At CTR, Mr. Ross is in charge of all development and is responsible for sourcing, evaluating, and closing on all commercial development opportunities. In addition, Mr. Ross serves on CTR's Executive Committee and Investment Committee. CTR was founded in 1994 and has successfully acquired in excess of $2.5 billion in commercial real estate properties across Northern and Southern California. Prior to joining CTR, from 2001 to 2009, Mr. Ross was Founder and Principal of Centra Realty Corporation and oversaw the company's land acquisitions, capital raises of both equity and debt, architectural design, engineering, construction and sales/leasing efforts. Centra was consistently ranked as one of the most active real estate development companies in Orange County, California. From June 2009 to January 2014, Mr. Ross was Founder, President and CEO of Peligroso Spirits which sold to Diageo in London (the world's largest spirits company).

Mr. Ross began his professional career at the Koll Company and was with Koll for over a decade and served in various roles from project manager to marketing before leading the real estate development efforts of the company in Southern California. Mr. Ross attended San Diego State University. He currently serves on the Board of Directors and is a Co-Founder of Miocean, a nonprofit foundation that applies proven business approaches to curb the harmful effects of urban run-off pollution.

Mr. Ross brings to the Board extensive real estate acquisition and development experience as well as project management and marketing expertise, which the Board believes qualifies him to serve as a member of the Board. In addition to his service on the Board, Mr. Ross continues to provide real estate consulting services to the Company.

*Paul R. Zippwald*

Paul R. Zippwald was Regional Vice President and Head of Commercial Banking for Bank of America NT&SA, North Orange County, California, for more than five years prior to his retirement in July 1992. Mr. Zippwald is currently retired. He is a graduate of the Graduate School of Credit and Financial Management at the Amos Tuck School of Business Administration of Dartmouth College and also holds a graduate degree from the American Institute of Banking.

Mr. Zippwald brings to the Board a background and expertise in banking and investment advisory services. The Board believes that Mr. Zippwald is qualified to serve as a director of the Company due to his business expertise and executive managerial experience. Mr. Zippwald also qualifies as an audit committee financial expert and is financially sophisticated within the meaning of the NASDAQ Listing Rules.

*Public Company Directorships*

Except as indicated above, none of the directors have been a director of any other public company in the past five years.

*Involvement in Certain Legal Proceedings*

None of the directors have been involved in any legal events reportable under Item 401(f) of Regulation S-K during the last ten years.

**Board Meetings**

During fiscal year 2018, the Company's Board of Directors held ten regularly scheduled monthly meetings. All directors attended at least 75% of the aggregate number of meetings of the Board of Directors and meetings of committees upon which they served.

**Arrangements or Understandings with Directors**

There are no agreements or understandings pursuant to which any of the directors was or is to be elected to serve as a director or nominee.

Further, none of our directors have agreements or arrangements with any person or entity, other than the Company, relating to compensation or other payments in connection with such director's service to the Company.

**Controlled Company Status**

The Company is considered a "controlled company" within the meaning of Rule 5615(c)(1) of the NASDAQ Listing Rules based on the approximate 78.8% ownership of the Company by Bridgford Industries Incorporated and is therefore exempted from certain independence requirements of the NASDAQ Listing Rules, including the requirement to maintain a majority of independent directors on the Company's Board of Directors and certain requirements with respect to the committees of the Board. Nevertheless, the Board of Directors has determined that Messrs. Andrews, Scott, and Zippwald are "independent directors" within the meaning of Rule 5605 of the NASDAQ Listing Rules.

**Board Committees**

The Board of Directors maintains three committees, the Compensation Committee, the Audit Committee and the Nominating Committee.

*Compensation Committee*

The Compensation Committee currently consists of three members, including Messrs. Zippwald (Chairman), Andrews and Scott. Each of the current members of the Compensation Committee is a non-employee director, and notwithstanding that the Company is a "controlled company" within the meaning of the NASDAQ Listing Rules, each member is independent as defined in Rule 5605(a)(2) of the NASDAQ Listing Rules. The Compensation Committee is responsible for establishing and administering the Company's compensation arrangements for all executive officers.

The Compensation Committee meets no less frequently than annually (and more frequently as circumstances dictate) to discuss and determine executive officer and director compensation. The Compensation Committee does not generally retain the services of any compensation consultants. However, from time to time it utilizes compensation data from companies that the Compensation Committee deems to be competitive with the Company in connection with its annual review of executive compensation. The Compensation Committee has the power to form and delegate authority to subcommittees when appropriate, provided that such subcommittees are composed entirely of directors who would qualify for membership on the Compensation Committee pursuant to applicable NASDAQ Listing Rules. See "Compensation Discussion and Analysis" and "Director Compensation."

The Compensation Committee held one meeting during fiscal year 2018. No additional compensation is paid to directors for participation on the Compensation Committee. The Compensation Committee operates under a written charter, which was adopted on October 11, 2010, and is attached as Exhibit B to the Proxy Statement for the 2017 Annual Meeting of Shareholders. The charter is not available on the Company's website.

*Audit Committee*

The Audit Committee currently consists of Messrs. Scott (Chairman), Andrews and Zippwald.

The Audit Committee has been established in accordance with the rules and regulations of the SEC and each of the current members of the Audit Committee is an "independent director" as defined in Rule 5605(c)(2) of the NASDAQ Listing Rules. In addition, the Board has determined that Messrs. Andrews, Scott and Zippwald qualify as "audit committee financial experts" as such term is used in the rules and regulations of the SEC.

The Audit Committee meets periodically with the Company's independent registered public accountants and reviews the Company's accounting policies and internal controls. It also reviews the scope and adequacy of the independent registered public accountants' examination of the Company's annual financial statements. In addition, the Audit Committee selects the firm of independent registered public accountants to be retained by the Company, subject to shareholder approval, pre-approves services rendered by its independent registered public accountants and pre-approves all related-party transactions.

The Audit Committee held six meetings during fiscal year 2018. Each of the members of the Audit Committee receives $350 to $550 per meeting depending on the length of each meeting attended. In addition, the Audit Committee holds a pre-earnings release conference with the Company's independent registered public accountants on a quarterly basis. The Audit Committee operates under an Amended and Restated Audit Committee Charter, which was approved on November 8, 2010, and is attached as Exhibit C to the Proxy Statement for the 2017 Annual Meeting of Shareholders. The charter is not available on the Company's website.

*Nominating Committee*

The Board of Directors has decided that the full Board should perform the functions of a Nominating Committee for the Company. It made that decision because the Board believes that selecting new Board nominees is one of the most important responsibilities the

Board members have to the Company's shareholders, and for that reason, all of the members of the Board should have the right and responsibility to participate in the selection process. Because of its status as a "controlled company" within the meaning of Rule 5615(c)(1) of the NASDAQ Listing Rules, the Company is not required to have a Nominating Committee comprised solely of independent directors. The Nominating Committee does not act pursuant to a written charter.

In its role as Nominating Committee, the full Board identifies and screens new candidates for Board membership. Nevertheless, actions of the Board, in its role as Nominating Committee, can be taken only with the affirmative vote of a majority of the independent directors on the Board, as defined by the NASDAQ Listing Rules.

**Director Nomination Process**

In identifying new Board candidates, the Board will seek recommendations from existing Board members and executive officers. In addition, the Board will consider any candidates that may have been recommended by any of the Company's shareholders who have made those recommendations in accordance with the shareholder nomination procedures described below. The Board, in its capacity as Nominating Committee, does not evaluate nominees recommended by shareholders differently from its evaluation of other director nominees. The Board also has the authority to engage an executive search firm and other advisors as it deems appropriate to assist in identifying qualified candidates for the Board.

Any shareholder desiring to submit a recommendation for consideration by the Board of a candidate that the shareholder believes is qualified to be a Board nominee at any upcoming shareholders meeting may do so by submitting that recommendation in writing, and in accordance with the time periods and information requirements set forth in the bylaws, to the Company's Corporate Secretary, c/o Bridgford Foods Corporation, 1308 North Patt Street, Anaheim, California 92801. No director nominations by stockholders have been received as of the filing of this Proxy Statement.

In assessing and selecting Board candidates, the Board will consider such factors, among others, as: the candidate's independence, experience, knowledge, skills and expertise, as demonstrated by past employment and board experience; the candidate's reputation for integrity; and the candidate's participation in local community and local, state, regional or national charitable organizations. When selecting a nominee from among candidates considered by the Board, it will conduct background inquiries of and interviews with the candidates the Board members believe are best qualified to serve as directors. The Board members will consider a number of factors in making their selection of a nominee from among those candidates, including, among others: whether the candidate has the ability, willingness and enthusiasm to devote the time and effort required of members of the Board; whether the candidate has any conflicts of interest or commitments that would interfere with the candidate's ability to fulfill the responsibilities of directors of the Company, including membership on Board committees; whether the candidate's skills and experience would add to the overall competencies of the Board; and whether the candidate has any special background or experience relevant to the Company's business.

**Board Consideration of Diversity**

The Board believes that differences in experience, knowledge, skills and expertise enhance the performance of the Board. Accordingly, the Board, in its capacity as Nominating Committee, considers such diversity in selecting and evaluating proposed Board nominees. However, the Board has not implemented a formal policy with respect to the consideration of diversity for the composition of the Board.

**Board Leadership Structure and the Role of the Board in Risk Management Oversight**

*Board Leadership Structure*.

The Board is currently comprised of a total of nine directors. One of those directors, William L. Bridgford, serves as the Chairman of the Board. In this capacity, he is principally charged with fulfilling the following duties:

- Presiding as the Chairman of the meetings of the Board of Directors;
- Serving as a conduit of information between the independent directors and members of management;
- Approving Board of Directors meeting agendas and schedules;
- Calling executive session meetings of the independent directors, as needed;
- Reviewing information sent to the Board of Directors;
- Working with the Chief Financial Officer and Corporate Secretary to ensure the Board has adequate resources to support its decision-making obligations;
- Meeting with shareholders as appropriate; and

- Such other responsibilities and duties as the Board of Directors shall designate.

The Company has not appointed a Chief Executive Officer. Instead, the Company has historically utilized an Executive Committee to serve in the capacity of Chief Executive Officer. The Board believes that the Executive Committee structure is appropriate for the Company because it requires a full committee of officers, each of whom bring their own experiences and perspectives to bear on their decision making, to discuss and vote on important decisions affecting the Company. The Company has utilized an Executive Committee in lieu of appointing a Chief Executive Officer for more than twenty years. See "Executive Officers" for further discussion about the role and membership of the Executive Committee.

The Chairman of the Board serves on the Executive Committee. Thus, the roles of Chairman of the Board and Chief Executive Officer are intertwined to some extent. However, the Chairman of the Board, the President, and the Chief Financial Officer represent only three of the four members of the Executive Committee and no other directors currently serve on the Executive Committee. Accordingly, six of nine members of the Board are not members of the Executive Committee. The Board believes that this structure properly maintains the independence of the Board as a whole, and of the Chairman of the Board, from the Executive Committee.

*The Board's Role in Risk Oversight.*

The responsibility for the day-to-day management of risk lies with the Executive Committee. Risk management is not viewed by the Executive Committee as a separate function, but rather is viewed as part of the day-to-day process of running the Company. It is the Board's responsibility to oversee the Executive Committee with respect to its risk management function and to ensure that the Company's risk management system is well-functioning and consistent with the Company's overall corporate strategy and financial goals. In fulfilling that oversight role, the Board focuses on the adequacy of the Company's overall risk management system. The Board believes that an effective risk management system will adequately identify the material risks to the Company's business, monitor the effectiveness of the risk mitigating policies and procedures, and provide the Executive Committee with input with respect to the risk management process.

**Code of Ethics**

The Company adopted a code of ethics that is applicable to, among other individuals, its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and posted the code of ethics on its website at www.bridgford.com (and designated therein as the Code of Conduct). Any amendment or waiver to the Company's code of ethics that applies to its directors or executive officers will be posted on its website or in a report filed with the SEC on Form 8-K.

**Communications with the Board**

Shareholders may communicate with the Board or any of the directors by sending written communications addressed to the Board of Directors generally, or to any director(s), to Bridgford Foods Corporation, 1308 North Patt Street, Anaheim, California 92801, Attention: Corporate Secretary. All communications are compiled by the Corporate Secretary and forwarded to the Board or the individual director(s) accordingly.

**Director Attendance at Annual Meetings**

The Company does not currently have a specific policy regarding director attendance at annual shareholder meetings. However, directors are strongly encouraged to attend annual shareholder meetings. Nine directors (which represented all of the directors then serving on the Board of the Company) attended the Company's 2018 Annual Meeting of Shareholders.

**Executive Officers**

Members of the Company's Executive Committee, currently comprised of the four executive officers named below, act in the capacity of Chief Executive Officer of the Company. A fifth member of the Executive Committee, Hugh Wm. Bridgford, who is the father of William L. Bridgford and the brother of Allan L. Bridgford, passed away on January 12, 2018.

The following four executive officers are elected annually to serve on the Executive Committee at the pleasure of the Board of Directors:

| | |
|---|---|
| Allan L. Bridgford | Vice President and Chairman of the Executive Committee (1) |
| William L. Bridgford | Chairman of the Board and Member of the Executive Committee (1) |
| John V. Simmons | President and Member of the Executive Committee |
| Raymond F. Lancy | Chief Financial Officer, Executive Vice President, Treasurer and Member of the Executive Committee |

(1) William L. Bridgford is the nephew of Allan L. Bridgford. Allan L. Bridgford is the father of Allan L. Bridgford, Jr., who serves on the Company's Board of Directors.

A biographical summary regarding William L. Bridgford, Raymond F. Lancy and John V. Simmons is set forth above under the caption "Directors." Biographical information with respect to the Company's other executive officer, Allan L. Bridgford, is set forth below:

*Allan L. Bridgford*

Allan L. Bridgford, age 83, previously served as Senior Chairman of the Board from March of 2006 to October of 2011. From March of 1995 through March of 2006, Mr. Bridgford served as Chairman of the Board. He has been an employee of the Company since 1957, and reduced his work schedule to 80% in March of 2000, 60% in March of 2005 and 50% in November 2014. Mr. Bridgford's base compensation was reduced by the same percentage as his regular work schedule reduction. Mr. Bridgford has also served as a member of the Executive Committee since 1972. He is a graduate of Stanford University with a degree in Economics.

*Agreements or Understandings with Officers*

There are no agreements or understandings pursuant to which any of the executive officers was or is selected to serve as an executive officer.

## PRINCIPAL SHAREHOLDERS AND MANAGEMENT

The table below sets forth certain information known to the Company with respect to the beneficial ownership of the Company's common stock as of February 1, 2019 by each shareholder known by the Company to be the beneficial owner of more than 5% of the Company's common stock, by each director and nominee for director, by each executive officer named in the Summary Compensation Table and by all executive officers and directors as a group. The information as to each person or entity has been furnished by such person or group.

**Amount and Nature of Shares Beneficially Owned**

| Name and Address of Beneficial Owner(1) | Sole Voting and Investment Power | Shared Voting and Investment Power(2) | Total Beneficially Owned(3) | Percentage of Outstanding Shares Beneficially Owned(3) |
|---|---|---|---|---|
| Bridgford Industries Incorporated 1707 Good-Latimer Expressway Dallas, TX 75226 | 7,156,396 | — | 7,156,396 | 78.8% |
| Hugh Wm. Bridgford(4) | 48,917 | 7,156,396 | 7,205,313 | 79.4% |
| Allan L. Bridgford | 155,882 | 7,156,396 | 7,312,278 | 80.6% |
| Bruce H. Bridgford | 3,448 | 7,156,396 | 7,159,844 | 78.9% |
| Baron R.H. Bridgford 170 North Green St. Chicago, IL 60607 | 1,654 | 7,156,396 | 7,158,050 | 78.9% |
| William L. Bridgford | 12,517 | 7,156,396 | 7,168,913 | 79.0% |
| Allan L. Bridgford, Jr. | 20,000 | 7,156,396 | 7,176,396 | 79.1% |
| Raymond F. Lancy | 242 | — | 242 | * |
| John V. Simmons 1707 Good-Latimer Expressway Dallas, TX 75226 | 363 | — | 363 | * |
| Todd C. Andrews | 200 | — | 200 | * |
| D. Gregory Scott | 8,550 | — | 8,550 | * |
| Keith A. Ross | — | — | — | * |
| Paul R. Zippwald | 1,452 | — | 1,452 | * |
| All directors and executive officers as a group (11 persons) | 7,409,621 | 7,156,396 | 7,409,621 | 81.6% |

* Represents ownership of less than one percent (1%) of the outstanding shares.

(1) Unless otherwise indicated, the address of such beneficial owner is the Company's principal executive offices, which are located at 1308 North Patt Street, Anaheim, California 92801.

(2) Represents shares beneficially owned by Bridgford Industries Incorporated, a Delaware corporation ("BII") as reported on Amendment No. 1 to Schedule 13D filed with the SEC on February 7, 2017. Other than ownership of these shares, BII does not presently have any significant business or assets. Allan L. Bridgford, Hugh Wm. Bridgford, William L. Bridgford, Bruce H. Bridgford, Baron R.H. Bridgford and Allan L. Bridgford, Jr. presently own 18.47%, 8.88%, 7.77%, 9.99%, 9.34% and 4.18%, respectively, of the outstanding voting capital stock of BII. The remaining shares of BII capital stock are owned of record, or beneficially, by 32 additional members of the Bridgford family. The officers of BII jointly vote all of the Company's shares held by BII. With respect to Hugh Wm. Bridgford, such amount also includes 1,000 shares held by his wife. Hugh Wm. Bridgford's shares are currently held in trust.

(3) Applicable percentage of ownership as of February 1, 2019 is based upon 9,076,832 shares of common stock outstanding. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares shown as beneficially owned. Except as otherwise indicated, and subject to community property laws where applicable, to the knowledge of the Company the persons listed above have sole voting and investment power with respect to all shares shown as beneficially owned by them.

(4) Hugh Wm. Bridgford passed away on January 12, 2018. His shares are held under Hugh Wm. Bridgford Irrevocable Trust.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers, and holders of more than 10% of the Company's common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock of the Company. Officers, directors and 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on the review of copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended November 2, 2018, all of the Company's officers, directors and 10% shareholders complied with all applicable Section 16(a) filing requirements.

## REPORT OF THE AUDIT COMMITTEE

Pursuant to a meeting of the Audit Committee on January 7, 2019, the Audit Committee reports that it has: (i) reviewed and discussed the Company's audited financial statements with management; (ii) discussed with the independent registered public accountants the matters (such as the quality of the Company's accounting principles and internal controls) required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" (formerly known as Statement on Auditing Standards No. 16, which superseded Statement on Auditing Standards No. 61, for fiscal years beginning after December 15, 2012) of the Public Company Accounting Oversight Board; and (iii) received the written disclosures and the letter from Squar Milner LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding its communications with the audit committee concerning independence, and has discussed with them their independence. Based on the review and discussions referred to in items (i) through (iii) above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's annual report for the Company's fiscal year ended November 2, 2018.

AUDIT COMMITTEE

D. Gregory Scott, Chairman
Todd C. Andrews
Paul R. Zippwald

*The foregoing Audit Committee Report shall not be deemed soliciting material, shall not be deemed filed with the SEC and shall not be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.*

## COMPENSATION OF EXECUTIVE OFFICERS

### Compensation Discussion and Analysis

#### *Compensation Overview*

This section provides information regarding the compensation paid to the Company's "named executive officers" or "NEOs," all of whom are members of the Executive Committee. The Company has historically been and continues to be principally managed by the Executive Committee. The Executive Committee, as a unit, serves as the Company's "Chief Executive Officer." Prior to the passing of Hugh Wm. Bridgford on January 12, 2018, the Executive Committee consisted of five members. The Executive Committee currently consists of the following four members:

- Allan L. Bridgford, Vice President and Chairman of the Executive Committee
- William L. Bridgford, Chairman of the Board (Principal Executive Officer)
- John V. Simmons, President
- Raymond F. Lancy, Chief Financial Officer, Executive Vice President and Treasurer (Principal Financial Officer)

The Company's executive compensation program is overseen by the Compensation Committee, which is comprised of certain non-employee members of the Board. The basic responsibility of the Compensation Committee is to review the performance of the officers and key employees toward achieving the Company's strategic goals and to help ensure that the Company is able to attract and retain individuals who can lead the Company to achieve those goals.

One of the Company's primary strategic goals is to increase shareholder value while meeting its objectives for customer satisfaction, improved sales and financial performance, sound corporate governance, and competitive advantage. The Company's current emphases on controlling costs and improving profit margins on a consistent basis are also important factors which affect the Company's compensation decisions. The Compensation Committee's goal is to work with management to balance the Company's financial goals and circumstances with the need to attract, motivate and retain the fully qualified and capable individuals the Company needs to meet and surpass its customers' and shareholders' expectations in a highly-competitive industry.

***Compensation Philosophy and Objectives***

The core of the Company's executive compensation philosophy is to pay for performance. To that end, incentive bonus targets are set each year to reward excellent executive performance based upon the achievement of profit objectives by business units and the Company's overall profitability based on pretax income, thus stimulating all executives to assume broad responsibility for the Company's overall financial welfare and financial performance.

The Compensation Committee's guiding principles are as follows:

- Work with management to provide a compensation program that recognizes individual contributions as well as the Company's overall business results;
- Provide reasonable levels of total compensation which will enable the Company to attract and retain qualified and capable executive talent within its industry, while also considering the Company's current goals of controlling costs and effecting consistent improvements in its overall financial condition;
- Motivate executive officers to deliver optimum individual and business unit performance;
- Develop and retain a leadership team that is capable of successfully operating and growing an increasingly competitive and complex business in a rapidly changing industry; and
- Ensure that executive compensation-related disclosures are made to the public on a timely basis.

***Role of the Compensation Committee***

The compensation of all NEOs and other executive officers is determined by the Compensation Committee. The Compensation Committee met one time during fiscal year 2018. The primary responsibilities of the Compensation Committee include, without limitation, the following:

- Determine the compensation of the members of the Executive Committee, after taking into account the Board's assessment of the performance of the Executive Committee, as well as any other executive officers of the Company.
- Determine the compensation of the Chairman of the Board and the other directors of the Company.
- Assess the performance of the executive officers of the Company other than the members of the Executive Committee (whose performance is assessed by the Board).
- Review and make recommendations to the Board regarding the Company's compensation policies and philosophy.
- Review and make recommendations to the Board with respect to the employment agreements, severance agreements, change of control agreements and other similar agreements between the Company and its executive officers.
- Administer the Company's equity incentive plans, including the review and grant of stock option and other equity incentive grants.
- Review and discuss the Compensation Discussion and Analysis ("CD&A") section of the Company's annual proxy statement with management, and recommend to the Board that the CD&A be included in the Company's proxy statement as required.
- Produce an annual report on executive compensation for inclusion in the Company's proxy statement.
- As requested by Company management, review, consult and make recommendations and/or determinations regarding employee compensation and benefit plans and programs generally, including employee bonus and retirement plans and programs.
- Assist the Board and management in developing and evaluating potential candidates for executive officer positions.
- Advise the Board in its succession-planning initiatives for the Company's executive officers and other senior officers.

***Role of Management in the Compensation Determination Process***

The Company's senior management team, particularly the Chairman of the Board and the Chairman of the Executive Committee, support the Compensation Committee in the executive compensation decision-making process. At the request of the Compensation Committee, one or more members of the Executive Committee may present a performance assessment and recommendations to the Compensation Committee regarding base salaries, bonus payments, incentive plan structure and other compensation-related matters for the Company's executive officers (other than with respect to their own compensation).

***Role of Compensation Consultant***

The Compensation Committee has decided not to utilize the services of a paid compensation consultant after concluding that such a consultant would provide insufficient value compared to the cost.

***Total Compensation for Executive Officers***

The compensation packages offered to the Company's executive officers are comprised of one or more of the following elements:

- Base salary;
- Discretionary cash bonuses; and

- Post-retirement healthcare and pension benefits.

The Company does not have any formal policies which dictate the amount to be paid with respect to each element, nor does it have any policies which dictate the relative proportion of the various elements. The Company also does not have any formal policies for allocating between cash and non-cash compensation and short-term and long-term compensation. Instead, the Company relies on the judgment of the Compensation Committee and input and feedback from the management team, including in particular members of the Executive Committee. The Compensation Committee has no plans to adopt any such formulas, ratios or other such targets that might artificially dilute the Company's effectiveness in achieving its overall profit objectives. In fact, all of the Company's compensation policy decisions are made in the context of its current financial position and are subordinated to the Company's current goal of achieving overall profitability on an annual basis. Each of the compensation components is described in more detail below.

*Base Salary*

The Company provides executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. The purpose of base salary is to reward effective fulfillment of an executive's assigned job responsibilities, and to reflect the position's relative value to the Company and competitiveness of the executive job market. Base salaries for executive officers are determined based on the nature and responsibility of the position, salary norms for comparable positions at similar companies, the expertise and effectiveness of the individual executive, and the competitiveness of the market for the executive officer's services.

The Company has successfully held most base salaries at the low end of the competitive range in order to reduce its overall cost structure and to achieve systematic improvement in the financial performance of the business without incurring a large turnover in executive talent and leadership.

Any "merit increases" for the Company's executive officers are subject to the same budgetary constraints that apply to all other employees. Executive officer salaries are evaluated as part of the Company's annual review process and may be adjusted where justified in the context of the Company's current focus on profitability and controlling expenses.

For fiscal year 2018, the Compensation Committee set a base salary of $5,343 per week for each Executive Committee member, reduced on a pro-rata basis for any member working less than a full time schedule. This change represented a 3% increase in the base salary compared to fiscal year 2017, which was derived from management's assessment of the increase in the cost of living.

*Discretionary Cash Bonuses*

The Company's policy is to make a significant portion of each NEO's total compensation contingent upon the Company's financial performance. The Compensation Committee believes that the payment of cash bonuses based on the Company's financial success allows the Company to offer a competitive total compensation package despite relatively lower base salaries, while aligning a significant portion of executive compensation with the achievement of positive Company financial results. However, while the payment of these cash bonuses to the NEOs is generally correlated with the achievement of positive Company financial results, there are no specific performance targets communicated to the NEOs in advance, and the bonuses are ultimately paid at the discretion of the Compensation Committee after receiving input from the Chairman of the Board. For the fiscal year ended November 2, 2018, discretionary bonuses were awarded to the members of the Company's Executive Committee as disclosed in detail in the Summary Compensation Table.

*Long-Term Equity-Based Incentive Compensation*

The Compensation Committee has concluded that long-term stock-related compensation has very limited value as an employee incentive or retention tool because the Company's equity-based incentive awards have historically provided little or no value to the recipient. In addition, beginning in 2005, U.S. accounting rules required the Company to expense any stock option awards according to a formula which could impose a costly charge on the Company's income statements, thereby burdening or erasing its profit margins. Because of these factors, the Company has not granted stock options or restricted stock awards for many years. Instead, the Compensation Committee aims to align the interests of the NEOs with those of the Company's shareholders by creating a link between the payment of executive compensation and the achievement of Company financial goals as described above. The Company's 1999 Stock Incentive Plan expired by its own terms on April 29, 2009 and no additional stock options or restricted stock may be granted thereunder.

*Pension and Retirement Benefits*

Retirement Plan for Administrative and Sales Employees of Bridgford Foods Corporation. The Company has a defined benefit plan (the "Primary Benefit Plan") for certain of its employees not covered by collective bargaining agreements. The Primary Benefit Plan, administered by a major life insurance company, presently provides that participants receive an annual benefit on retirement equal to 1.5% of their total compensation from the Company during their period of participation from 1958. Benefits are not reduced by Social Security payments or by payments from other sources and are payable in the form of a monthly lifetime annuity commencing at age

65 or the participant's date of retirement, whichever is later. Effective May 12, 2006, future benefit accruals under the Primary Benefit Plan were frozen.

Supplemental Executive Retirement Plan. Retirement benefits otherwise available to certain key executives under the Primary Benefit Plan have been limited by the effects of the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") and the Tax Reform Act of 1986 ("TRA"). To offset the loss of retirement benefits associated with TEFRA and TRA, the Company has adopted a non-qualified "makeup" benefit plan (the "Supplemental Executive Retirement Plan"). Benefits will be provided under the Supplemental Executive Retirement Plan in an amount equal to 60% of each participant's final average earnings minus any pension benefits and primary insurance amounts available to them under Social Security. However, in all cases the benefits are capped at $120,000 per year for Allan L. Bridgford. Benefits provided under this plan for William L. Bridgford and Raymond F. Lancy are calculated at 50% of final average earnings, capped at $200,000 per year, without offsets for other pension or Social Security benefits.

Bridgford Foods Retirement Savings 401(k) Plan. The Company implemented a 401(k) plan effective May 13, 2006. The Company makes a matching contribution to each employee's account based on pretax contributions in an amount equal to 100% of the first 3% of compensation and 50% of the next 2% of compensation contributed to the Plan. Certain limitations on optional pre-tax contributions to the plan are imposed pursuant to the Internal Revenue Code of 1986, as amended. No amounts are contributed by the Company unless the employee elects to make a pretax contribution to the Plan.

*Non-Qualified Deferred Compensation*

Effective January 1, 1991 the Company adopted a deferred compensation savings plan for certain key employees. Under this arrangement, selected employees contributed a portion of their annual compensation to the plan. The Company contributed an amount to each participant's account by computing an investment return equal to Moody's Average Seasoned Bond Rate plus 2%. The purpose of the plan was to provide tax planning and supplemental funds upon retirement or death for certain selected employees and to aid in retaining and attracting employees of exceptional ability. Separate accounts are maintained for each participant to properly reflect his or her total vested account balance. No contributions or salary deferrals have been made in the past ten years.

*Perquisites and Other Benefits*

The Company provides its executive officers with various health and welfare programs and other employee benefits which are generally available on the same cost-sharing basis to all of its employees. However, in keeping with the Company's policy of controlling costs in connection with its profitability objectives, it does not provide any significant perquisites or other special benefits to its executive officers including, but not limited to, payment of club memberships, fees associated with financial planning, executive dining rooms or special transportation rights. The Company does not own an airplane and does not provide aircraft for executives for business or personal purposes.

The Company provides post-retirement healthcare benefits for certain executives and their spouses (who are within fifteen years of age of the employee) who have reached normal retirement age. This coverage is secondary to Medicare. Coverage for spouses continues upon the death of the employee. The maximum benefit under the plan is $100,000 per year per retiree. The combined gain on this plan during fiscal year 2018 was $142,000 for all active and retired participants.

The Company pays life and disability insurance premiums on policies for the Company's President under which he is the named owner and beneficiary.

**Employment Agreements**

The Company currently does not have any employment, severance, change of control or similar agreements with any of its NEOs. Refer to the compensation discussion below for information on pension, deferred compensation, and benefit-related payments payable in the event of a qualifying event such as employment termination, disability, death, or sale/merger/acquisition.

**Tax and Accounting Implications**

The Compensation Committee is responsible for considering the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which in fiscal year 2018 provided that it could not deduct compensation of more than $1,000,000 that is paid to its executive officers. The Company believes that the compensation paid under the current management incentive programs is fully deductible for federal income tax purposes. In certain situations, the Compensation Committee may approve compensation that will not meet the requirements for deductibility in order to ensure competitive levels of compensation for its executives and to meet its obligations under the terms of various incentive programs. However, the issue of deductibility has not come before the Compensation Committee in recent years and is not expected to be a concern for the foreseeable future.

**Shareholder Advisory Vote on Executive Compensation and Frequency of Advisory Vote**

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), the Company held an advisory (non-binding) shareholder vote on the compensation of the Company’s NEOs (commonly known as a “say-on-pay” proposal), and a shareholder vote on the frequency of such say-on-pay proposal, at its 2017 Annual Meeting of Shareholders. At such meeting, the shareholders of the Company approved the overall compensation of the Company’s NEOs and elected to hold a say-on-pay vote every three years. The Company’s next “say-on-pay” shareholder vote shall be at the 2020 Annual Meeting of Shareholders and its next shareholder vote on frequency shall be at the 2023 Annual Meeting of Shareholders.

**Summary Compensation Table**

The table below provides summary information concerning cash and certain other compensation paid to or accrued for the Company’s NEOs during fiscal years 2017 and 2018, respectively. Each of the NEOs named below were also members of the Executive Committee during the referenced periods, which Committee acts in the capacity of Chief Executive Officer of the Company. See “Compensation Discussion and Analysis” for further discussion of compensation arrangements pursuant to which the amounts listed in the table below were paid or awarded and the criteria for such payment or award.

| Name and Principal Position | Year | Base Salary($)(1) | Bonus($) | Stock Awards($)(2) | Option Awards($)(3) | Non-Equity Incentive Plan Compensation($)(4) | Change in Pension Value and Non-Qualified Deferred Compensation Earnings($)(5) | All Other Compensation($)(6) | Total($) |
|---|---|---|---|---|---|---|---|---|---|
| Allan L. Bridgford | 2018 | 143,507 | 141,339 | — | — | — | — | 8,000 | 292,846 |
| Vice President | 2017 | 138,918 | 225,585 | — | — | — | — | 8,000 | 372,503 |
| Hugh Wm. | 2018 | 8,831 | 29,415 | — | — | — | — | 19,000 | 57,246 |
| Bridgford(7) Vice President | 2017 | 111,134 | 180,468 | — | — | — | — | 19,000 | 310,602 |
| William L. Bridgford | 2018 | 287,014 | 282,681 | — | — | — | — | 19,000 | 588,695 |
| Chairman of the Board | 2017 | 277,836 | 451,167 | — | — | — | — | 19,000 | 748,003 |
| John V. Simmons | 2018 | 287,014 | 282,681 | — | — | — | — | 43,376 | 613,071 |
| President | 2017 | 277,836 | 451,167 | — | — | — | — | 43,376 | 772,379 |
| Raymond F. Lancy | 2018 | 287,014 | 282,681 | — | — | — | — | 19,000 | 588,695 |
| Chief Financial Officer | 2017 | 277,836 | 451,167 | — | — | — | — | 19,000 | 748,003 |

(1) Years 2017 and 2018 were 53 weeks and 52 weeks, respectively.
(2) The Company did not grant any stock awards to any of the NEOs during fiscal years 2017 or 2018.
(3) The Company did not grant any option awards to any of the NEOs during fiscal years 2017 or 2018.
(4) The Company did not utilize any non-equity incentive plans in order to pay compensation to its NEOs in fiscal year 2018. While it is the Company’s policy to provide each of the NEOs with an opportunity to earn cash bonuses that are correlated with the Company’s financial performance, the payment of the bonuses are ultimately subject to the discretion of the Compensation Committee. See “Compensation Discussion and Analysis – Total Compensation for Executive Officers – Discretionary Cash Bonuses.”
(5) This column includes the aggregate positive change in actuarial present value of each NEO’s accumulated benefit under all defined benefit and supplemental pension plans. In accordance with SEC rules, to the extent the aggregate change in present value of all defined benefit and supplemental pension plans for a particular fiscal year would have been a negative amount, the amount has instead been reported as $0 and the aggregate compensation for the NEO in the “Total” column has not been adjusted to reflect the negative amount. In addition, to the extent that the change in present value of any particular defined benefit or supplemental pension plan for a particular year was a negative amount, the negative amount has not been used to offset the positive change in present value associated with the other applicable defined benefit or supplemental pension plans. The aggregate negative change in the present value of the non-qualified deferred compensation plan and pension and retirement benefits for the NEOs in fiscal years 2018 and 2017 was as follows: (i) for fiscal year 2018, Allan L. Bridgford ($72,490), Hugh Wm. Bridgford ($67,608), William L. Bridgford ($43,452), John V. Simmons ($39,477), and Raymond F. Lancy ($27,447), and (ii) for fiscal year 2017, Allan L. Bridgford ($101,445), Hugh Wm. Bridgford ($81,950), William L. Bridgford ($22,032), John V. Simmons ($19,940), and Raymond F. Lancy ($13,911).
(6) Consists of matching contributions to the Bridgford Foods Retirement Savings 401(k) plan made by the Company on behalf of each of the NEOs, except Allan L. Bridgford, and an $8,000 payment to offset the negative impacts arising from the cancellation of supplemental executive health benefits. In addition, the amount for Mr. Simmons includes premiums in the amount of $24,376 for life and disability insurance policies issued for the benefit of Mr. Simmons and his designees.
(7) Hugh W. Bridgford passed away on January 12, 2018.

**Narrative to Summary Compensation Table**

See "Compensation Discussion and Analysis" for further discussion of compensation arrangements pursuant to which amounts listed under the Summary Compensation Table were paid or awarded and the criteria for such payment or award.

**Grants of Plan-Based Awards**

There were no stock options, restricted stock, restricted stock units or equity or non-equity-based performance awards granted to the Company's NEOs during fiscal years 2018 or 2017.

**Outstanding Equity Awards at Fiscal Year-End**

There were no outstanding options or stock awards held by any NEOs as of November 2, 2018.

**Option Exercises and Stock Vested**

There were no shares acquired upon the exercise of stock options or vesting of stock awards by any NEOs during fiscal years 2018 or 2017.

**Pension Benefits**

The tables below provide information concerning retirement plan benefits for each NEO and payments due upon certain termination scenarios.

*Retirement Plan for Administrative and Sales Employees of Bridgford Foods Corporation*

Normal Retirement: Benefits commence upon reaching the "Normal Retirement Date", which is the first day of the month on or after attainment of age 65. Pension benefit payments begin on the normal retirement date and continue until death.

Early Retirement: A participant may choose to retire up to ten years before the normal retirement date. If a participant retires early, the accrued pension will be reduced by a percentage to reflect the longer period over which pension benefits will be received. If a participant is married for at least one year and dies before retirement, a pension benefit will be payable to the surviving spouse for his or her life, provided certain eligibility requirements have been met.

Death Benefits: Payments to a surviving spouse will begin on the first day of the month following a participant's death but not sooner than the earliest date a participant could have elected to retire.

Disability Benefits: A disability benefit is the accrued pension credited to a participant as of the date of disability.

The years of credited service, present value of accumulated plan benefits and payments made during the fiscal year were as follows:

**For the Fiscal Year ended November 2, 2018:**

| Name | Number of Years Credited Service | Present Value of Accumulated Benefit (1) | Payments During Fiscal Year |
|---|---|---|---|
| Allan L. Bridgford | 51 | $ 815,724 | $ 80,738 |
| Hugh Wm. Bridgford | 50 | $ 753,378 | $ 14,528 |
| William L. Bridgford | 45 | $ 730,213 | $ — |
| John V. Simmons | 39 | $ 585,333 | $ — |
| Raymond F. Lancy | 26 | $ 534,132 | $ — |

(1) The assumed discount rate used was 4.30% to compute the present value of the accumulated benefit. The SOA RP-2014 Mortality Total Dataset, adjusted to 2006 with Scale MP-2016, Scaling to RP-2014 Mortality Total Dataset, adjusted to 2006, with MP-2017 scaling was used and an expected return on assets of 7.00% was assumed.

**For the Fiscal Year ended November 3, 2017:**

| Name | Number of Years Credited Service | Present Value of Accumulated Benefit (1) | Payments During Fiscal Year |
|---|---|---|---|
| Allan L. Bridgford | 50 | $ 888,214 | $ 85,503 |
| Hugh Wm. Bridgford | 49 | $ 820,986 | $ 61,541 |
| William L. Bridgford | 44 | $ 773,665 | $ — |
| John V. Simmons | 38 | $ 624,810 | $ — |
| Raymond F. Lancy | 25 | $ 561,579 | $ — |

(1) The assumed discount rate used was 3.65% to compute the present value of the accumulated benefit. The SOA RP-2014 Mortality Total Dataset with MP-2015 scaling was used and an expected return on assets of 7.00% was assumed.

*Supplemental Executive Retirement Plan (SERP)*

Payment of Retirement Benefit: All retirement, disability and death benefits shall be paid in monthly installments beginning on the commencement date following the participant's retirement, disability or death and shall continue for a period of fifteen years.

Normal Retirement: Benefits commence upon reaching the "Normal Retirement Date", which means the date on which the participant has both attained age 65 and completed at least ten years of participation. SERP benefit payments begin at the normal retirement date.

Early Retirement: A participant may choose to retire up to ten years before the normal retirement date if the participant has completed at least five years of participation. If a participant retires early, the SERP benefit will be determined based on the vested percentage attained as the time of retirement.

Death Benefits: If a participant dies prior to having commenced receipt of benefits and is eligible for benefits hereunder, the participant's beneficiary shall be entitled to receive an annual death benefit equal to the Normal Retirement Benefit determined as if the participant attained Normal Retirement Age on the date of his death, or, if after the Participant's Normal Retirement Date, equal to the Late Retirement Benefit. If a participant dies after having commenced receipt of benefits, benefits shall continue to be paid but to the Participant's Beneficiary at the same time and in the same form as the benefits would have been payable to the participant. No benefit will be payable to a participant's beneficiary if the participant terminates employment with the Company before he is eligible for a retirement benefit and thereafter dies.

Disability Benefits: A disability benefit is the vested percentage of SERP benefit credited to a participant as of the date of disability.

The present value of accumulated plan benefits and payments made during the fiscal year were as follows:

**For the Fiscal Year ended November 2, 2018:**

| Name | Present Value of Accumulated Benefit (1) | Payments During Last Fiscal Year |
|---|---|---|
| Allan L. Bridgford | $ — | $ — |
| Hugh Wm. Bridgford | $ — | $ — |
| William L. Bridgford | $ 2,228,146 | $ — |
| John V. Simmons | $ — | $ — |
| Raymond F. Lancy | $ 2,228,146 | $ — |

(1) A 4.30% discount rate was used to compute the present values.

**For the Fiscal Year ended November 3, 2017:**

| Name | Present Value of Accumulated Benefit (1) | Payments During Last Fiscal Year |
|---|---|---|
| Allan L. Bridgford | $ — | $ — |
| Hugh Wm. Bridgford | $ — | $ — |
| William L. Bridgford | $ 2,326,963 | $ — |
| John V. Simmons | $ — | $ — |
| Raymond F. Lancy | $ 2,326,963 | $ — |

(1) A 3.65% discount rate was used to compute the present values.

The following table estimates the present value of SERP benefits under different employment termination scenarios as of November 2, 2018:

| Name | Present Value of Benefit Upon Voluntary Termination of Employment (1) | Present Value of Benefit if Disabled (1) | Present Value of Benefit Upon Death (1) | Present Value of Benefit Upon Involuntary Termination of Employment due to Sale/Merger/ Acquisition (1) |
|---|---|---|---|---|
| Allan L. Bridgford | $ — | $ — | $ — | $ — |
| Hugh Wm. Bridgford | $ — | $ — | $ — | $ — |
| William L. Bridgford (2) | $ 2,228,146 | $ 2,228,146 | $ 2,228,146 | $ 2,228,146 |
| John V. Simmons | $ — | $ — | $ — | $ — |
| Raymond F. Lancy (2) | $ 2,228,146 | $ 2,228,146 | $ 2,228,146 | $ 2,228,146 |

(1) In each scenario above, the benefit amount shown is calculated at November 2, 2018. A 4.30% discount rate was used to compute the present values. In the case of a voluntary termination, the participant shall be entitled to the vested portion of any such early retirement benefit but shall not commence receipt of such early retirement benefit until the commencement date following the date the participant would have attained the early retirement date had the participant remained employed by the Company. Upon a finding that the participant (or, after the participant's death, a beneficiary) has suffered an unforeseeable emergency, the Committee may at the request of the participant or beneficiary, and subject to compliance with Internal Revenue Code Section 409A, accelerate distribution of benefits under the SERP in the amount reasonably necessary to alleviate such unforeseeable emergency.

(2) Death benefits for William L. Bridgford and Raymond F. Lancy are paid in the form of a monthly annuity. The actual payment amount for William L. Bridgford and Raymond F. Lancy would be determined using a discount rate similar to the rate required for qualified plans. The rate assumed for these estimates is 4.30%.

The following table estimates future SERP payments under different termination scenarios as of November 2, 2018:

| Name | Payment Upon Voluntary Termination of Employment | Payment if Disabled (1) | Death Benefit from Plan (2) | Involuntary Termination of Employment Due to Sale/Merger/ Acquisition |
|---|---|---|---|---|
| Allan L. Bridgford | — | — | — | — |
| Hugh Wm. Bridgford | — | — | — | — |
| William L. Bridgford | $16,666.67 per month for 180 months beginning on 11/02/18 | $16,666.67 per month for 180 months commencing after disability | $16,666.67 per month for 180 months beginning just after death | Lump Sum payment due at termination of $2,228,146 |
| John V. Simmons | — | — | — | — |
| Raymond F. Lancy | $16,666.67 per month for 180 months beginning on 11/02/18 | $16,666.67 per month for 180 months commencing after disability | $16,666.67 per month for 180 months beginning just after death | Lump Sum payment due at termination of $2,228,146 |

(1) Disability amount is decreased by any Company paid disability insurance policies, Social Security disability benefits, or other Federal or State disability programs. In the case of a voluntary termination, the participant shall be entitled to the vested portion of any such early retirement benefit but shall not commence receipt of such early retirement benefit until the commencement date following the date the participant would have attained the early retirement date had the participant remained employed by the Company. Upon a finding that the participant (or, after the participant's death, a beneficiary) has suffered an unforeseeable emergency, the Committee may at the request of the participant or beneficiary, and subject to compliance with Internal Revenue Code Section 409A, accelerate distribution of benefits under the SERP in the amount reasonably necessary to alleviate such unforeseeable emergency.

(2) Assumes death on November 2, 2018. The discount rate used to calculate the lump sum amount is 4.30%.

See "Compensation Discussion and Analysis – Total Compensation for Executive Officers — Pension and Retirement Benefits" for further discussion of the pension benefits contained in the tables above.

**Non-Qualified Deferred Compensation**

The table below provides information concerning deferred compensation plan benefits for each NEO during the fiscal year ended November 2, 2018.

| Name | Executive Contributions in Fiscal Year | Company Contributions in Fiscal Year | Aggregate Earnings in Fiscal Year | Aggregate Withdrawals/ Distributions | Aggregate Balance at Fiscal Year End |
|---|---|---|---|---|---|
| Allan L. Bridgford | $ — | $ — | $ — | $ — | $ — |
| Hugh Wm. Bridgford | $ — | $ — | $ — | $ — | $ — |
| William L. Bridgford | $ — | $ — | $ — | $ — | $ — |
| John V. Simmons | $ — | $ — | $ — | $ — | $ — |
| Raymond F. Lancy | $ — | $ — | $ — | $ — | $ — |

The table below provides information concerning deferred compensation plan benefits for each NEO during the fiscal year ended November 3, 2017.

| Name | Executive Contributions in Fiscal Year | Company Contributions in Fiscal Year | Aggregate Earnings in Fiscal Year | Aggregate Withdrawals/ Distributions | Aggregate Balance at Fiscal Year End |
|---|---|---|---|---|---|
| Allan L. Bridgford | $ — | $ — | $ — | $ — | $ — |
| Hugh Wm. Bridgford | $ — | $ — | $ — | $ — | $ — |
| William L. Bridgford | $ — | $ — | $ — | $ — | $ — |
| John V. Simmons | $ — | $ — | $ — | $ — | $ — |
| Raymond F. Lancy | $ — | $ — | $ — | $ — | $ — |

The following table estimates the present value of non-qualified deferred compensation benefits under different employment termination scenarios as of November 2, 2018:

| Name | Present Value of Benefit at Termination of Employment | Present Value of Benefit if Disabled | Present Value of Benefit Upon Death | Present Value of Benefit Upon Involuntary Termination of Employment Due to Sale/Merger/ Acquisition |
|---|---|---|---|---|
| Allan L. Bridgford | $ — | $ — | $ — | $ — |
| Hugh Wm. Bridgford | $ — | $ — | $ — | $ — |
| William L. Bridgford | $ — | $ — | $ — | $ — |
| John V. Simmons | $ — | $ — | $ — | $ — |
| Raymond F. Lancy | $ — | $ — | $ — | $ — |

The deferred compensation amounts are calculated using a crediting rate equal to Moody's Average Seasoned Bond Rate, plus 2%. This rate is subject to fluctuation. Upon death, the deferred compensation benefits are paid in a lump sum equal to the individual's remaining account balance.

See "Compensation Discussion and Analysis – Total Compensation for Executive Officers – Non-Qualified Deferred Compensation" for further discussion of the non-qualified deferred compensation benefits contained in the tables above.

**Director Compensation**

The table on the next page summarizes the total compensation paid by the Company to directors who were not employees during fiscal year 2018. Directors who were employees did not receive any additional compensation for their services as directors.

| Name | Fees Earned or Paid in Cash | Stock Awards | Option Awards | Non-Equity Incentive Plan Compensation | Non-Qualified Deferred Compensation Earnings | All Other Compensation | Total |
|---|---|---|---|---|---|---|---|
| Todd C. Andrews | $ 20,750 | $ — | $ — | $ — | $ — | $ — | $ 20,750 |
| Allan L. Bridgford, Jr. | $ 22,600 | $ — | $ — | $ — | $ — | $ 639,700(1) | $ 662,300 |
| Keith A. Ross | $ 22,600 | $ — | $ — | $ — | $ — | $ 51,285(2) | $ 73,885 |
| D. Gregory Scott | $ 20,900 | $ — | $ — | $ — | $ — | $ — | $ 20,900 |
| Paul R. Zippwald | $ 25,500 | $ — | $ — | $ — | $ — | $ — | $ 25,500 |

(1) Consists of (i) $219,000 paid and (ii) $420,700 to be paid over 3 years in equal annual installments to Allan L. Bridgford, Jr. for consulting services rendered to the Company. See "CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS" for further details.

(2) Consists of $51,285 paid to Keith A. Ross for consulting services rendered to the Company. See "CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS" for further details.

The Company uses cash compensation to attract and retain qualified candidates to serve on its Board of Directors. In setting director compensation, the Compensation Committee considers the demands that have been placed and will continue to be placed on the directors and the skill-level required by its directors. In addition, as with the Company's executive officers, compensation decisions for directors are made in the context of the Company's focus on controlling costs and increasing profitability.

The directors are not paid an annual retainer for their service on the Board. Instead, each non-employee director was paid $2,100 for each of the first two Board meetings attended during fiscal year 2018 and $2,300 for each subsequent Board meeting attended in fiscal year 2018. Members of the Audit Committee were paid $350 to $550 for each Audit Committee meeting attended in fiscal year 2018 depending on the length of the meeting. The members of the Compensation Committee were not paid any additional compensation for their service. In addition, the directors were not paid any additional compensation for their service on the Nominating Committee.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company's general legal counsel is the son of Allan L. Bridgford. For his legal counsel, he currently is paid a fee of $2,300 for each Board of Directors meeting attended. Total fees paid for attending Board of Directors meetings were $22,600 in fiscal year 2018 and $22,900 in fiscal year 2017. In addition, legal services are performed on behalf of the Company and billed by a firm in which he is a partner. Total fees billed for legal services under this arrangement for each of fiscal years 2018 and 2017 were approximately $173,000 and $131,000, respectively.

Director Allan L. Bridgford, Jr., son of the former senior chairman of the Board of Directors, is providing business consulting services to the Company. The arrangement currently provides for business consulting services at $1,200 per day. Total fees billed under this arrangement were approximately $219,000 in fiscal year 2018 and $250,000 in fiscal year 2017. In addition, under a separate consulting arrangement for 2018, we accrued approximately $420,700 of profit sharing based on fiscal year 2018 profitability to be paid out in equal installments over the next three years.

Director Keith A. Ross provides real-estate consulting services to the Company. The arrangement currently provides for consulting services at $250 per hour. Total fees paid as a consultant were $51,285 during fiscal year 2018.

Other than the relationships noted above, the Company is not aware of any related party transactions that would require disclosure as a related party transaction under SEC rules.

The Company's executive officers, directors, nominees for directors and principal shareholders, including their immediate family members and affiliates, are prohibited from entering into related party transactions with the Company that would be reportable under Item 404 of Regulation S-K without the prior approval of its Audit Committee (or other independent committee of the Board of Directors in cases where it is inappropriate for the Audit Committee to review such transaction due to a conflict of interest). Any request for the Company to enter into a transaction with an executive officer, director, or nominee for director, principal shareholder or any of such persons' immediate family members or affiliates that would be reportable under Item 404 of Regulation S-K must first be presented to the Audit Committee for review, consideration and approval. In approving or rejecting the proposed agreement, the Audit Committee will consider the relevant facts and circumstances available and deemed relevant, including but not limited to, the risks, costs, and benefits to the Company, the terms of the transactions, the availability of other sources for comparable services or products, and, if applicable, the impact on director independence. The Audit Committee shall only approve those agreements that, in light of known circumstances, are in or are not inconsistent with the Company's best interests, as determined in good faith by the Audit Committee (or other independent committee, as applicable). The requirement for the Audit Committee to review related-party transactions (defined as those transactions required to be disclosed under Item 404 of Regulation S-K) is set forth in the Amended and Restated Audit Committee Charter, which was approved on November 8, 2010.

## PROPOSAL 2

## RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee of the Board of Directors has, subject to ratification by the shareholders, appointed Squar Milner LLP as the Company's independent registered public accounting firm for the fiscal year ending November 1, 2019.

The affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter is required to ratify the appointment of Squar Milner LLP. Abstentions will have the same effect as votes "AGAINST" this proposal. Brokers have discretion to vote uninstructed shares with respect to this proposal. Accordingly, broker non-votes will not occur with respect to this proposal.

Proxies received in response to this solicitation will be voted "FOR" the approval of Squar Milner LLP unless otherwise specified in the proxy. In the event of a negative vote on such ratification, the Audit Committee of the Board of Directors will reconsider its selection. Representatives of Squar Milner LLP will be present at the meeting and available to respond to questions. They will have the opportunity to make a statement if they so desire.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF SQUAR MILNER LLP AS THE COMPANY'S INDEPENDENT ACCOUNTANTS FOR THE FISCAL YEAR ENDING NOVEMBER 1, 2019.**

### Principal Accountant Fees and Services

#### *Audit Fees*

Fees charged by Squar Milner LLP for the audit of the Company's annual financial statements and the review of the financial statements included in the Company's quarterly reports on Form 10-Q for fiscal year 2018 were approximately $160,000. Fees charged by Squar Milner LLP for the audit of the Company's annual financial statements and the review of the financial statements included in the Company's quarterly reports on Form 10-Q for fiscal year 2017 were approximately $155,000.

#### *Audit-Related Fees*

Audit-related fees typically consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees." These services may include consultations related to the Sarbanes-Oxley Act and consultations concerning financial accounting and reporting standards. There were no audit-related fees billed by Squar Milner LLP for fiscal year 2018 or fiscal year 2017.

#### *Tax Fees*

Tax fees are comprised of services that include assistance related to state tax compliance services and consultations regarding federal and state research and development tax credits. No fees were billed by Squar Milner LLP for tax consulting during fiscal 2018 and approximately $11,000 were billed by Squar Milner LLP for fiscal year 2017.

#### *All Other Fees*

All other fees are comprised of fees for initial planning for certification of internal controls over financial reporting. No such fees were billed by Squar Milner LLP for fiscal year 2018 or fiscal year 2017.

### Policy on Audit Committee Pre-Approval of Audit Services and Permissible Non-Audit Services of Independent Accountants

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services performed by the independent registered public accountants. These services may include audit services, audit-related services, tax services and other services. During fiscal years 2018 and 2017, the Audit Committee approved all such services rendered by its independent registered public accountants. For audit services, the independent registered public accountants provide the Audit Committee with an audit plan including proposed fees in advance of the annual audit. The Audit Committee approves the plan and fees for the audit.

For non-audit services, the Company's senior management will submit from time to time to the Audit Committee for approval non-audit services that it recommends the Audit Committee engage the independent registered public accountants to provide during the fiscal year. The Company's senior management and the independent registered public accountants will each confirm to the Audit Committee that each non-audit service is permissible under all applicable legal requirements. A budget, estimating non-audit service spending for the fiscal year, will be provided to the Audit Committee along with the request. The Audit Committee must approve both permissible non-audit services and the budget for such services.

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## DIRECTORS

Todd C. Andrews
Vice President and Controller,
Public Storage, Inc.

Allan L. Bridgford, Jr.
Consultant
(Formerly President of
Bridgford Foods of Illinois)

Bruce H. Bridgford
Vice President

William L. Bridgford
Chairman

Raymond F. Lancy
Executive Vice President,
Chief Financial Officer,
Treasurer and member of
the Executive Committee

Keith A. Ross
Executive Vice President,
CT Realty

D. Gregory Scott
Managing Director,
Peak Holdings, LLC

John Simmons
President

Paul Zippwald
Retired Regional Vice President
and Head of Commercial Banking
for Bank of America NT&SA

## OFFICERS

Allan L. Bridgford
Chairman of the
Executive Committee
and Vice President

Bruce H. Bridgford
Vice President

Michael Bridgford
Assistant Secretary
and Vice President

William L. Bridgford
Chairman and member of
the Executive Committee

Chris Cole
Vice President

Joe deAlcuaz
Vice President Manufacturing

Bob Delong
Vice President,
Information Technologies

Raymond F. Lancy
Executive Vice President,
Chief Financial Officer,
Treasurer and member of
the Executive Committee

Cindy Matthews–Morales
Corporate Secretary
and Controller

John V. Simmons
President and member of
the Executive Committee

Daniel R. Yost
Senior Vice President

## DIVISION MANAGERS

Baron R. H. Bridgford
President, Bridgford Processing
Company of Illinois
Bridgford Foods of Illinois

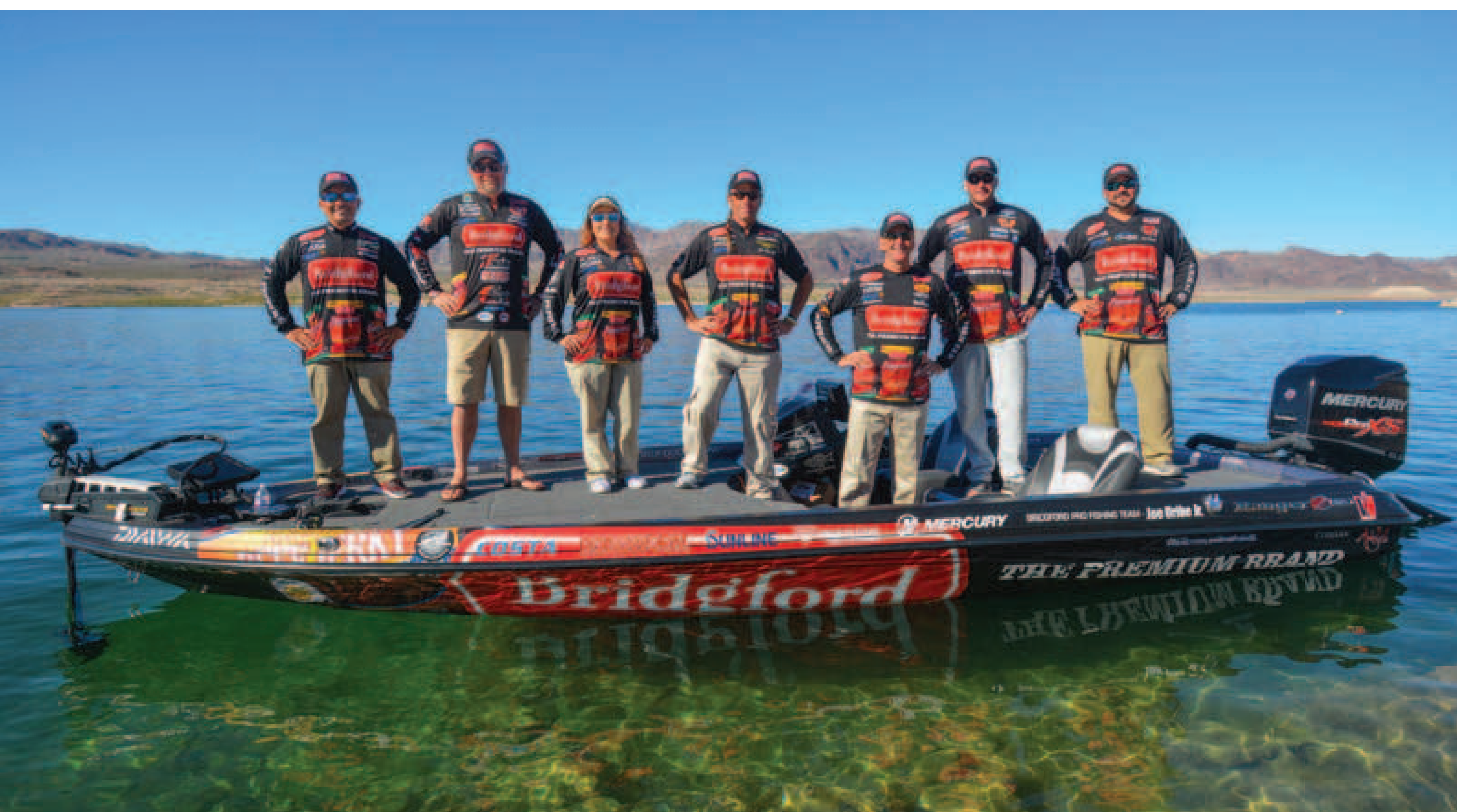
Blaine K. Bridgford
President
Dallas- Superior Foods Division

Bruce H. Bridgford
Chairman & President,
Bridgford Foods of California

Joseph deAlcuaz
Vice President
Dallas- Frozen-Rite Division

Monty Griffith
Vice President
Bridgford Foods of North Carolina

Jeffrey D. Robinson
Bakery Manager
Anaheim- Bread Division



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Squar Milner LLP
Newport Beach, California