BRIDGFORD FOODS CORP
Form 10-K
January 15, 2016

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 October 30, 2015

Commission file number: 0-2396

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 whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes No

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

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

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

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

The aggregate market value of voting stock held by non-affiliates of the registrant on April 17, 2015 was $13,672,000.

As of January 11, 2016, there were 9,079,019 shares of common stock outstanding.

Portions of the registrant's Proxy Statement for the registrant's Annual Meeting of Shareholders to be held March 9, 2016 are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

INDEX TO FORM 10K

	Page
PART I	3
Item 1. Business	3
Item 1A. Risk Factors	7
Item 1B. Unresolved Staff Comments	9
Item 2. Properties	9
Item 3. Legal Proceedings	9
Item 4. Mine Safety Disclosures	9
PART II	10
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	10
Item 6. Selected Financial Data	11
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	17
Item 8. Consolidated Financial Statements and Supplementary Data	17
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	17
Item 9A. Controls and Procedures	18
Item 9B. Other Information	19
PART III	20
Item 10. Directors, Executive Officers and Corporate Governance	20
Item 11. Executive Compensation	20
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	20
Item 13. Certain Relationships and Related Transactions, and Director Independence	20
Item 14. Principal Accountant Fees and Services	20
PART IV	21
Item 15. Exhibits and Financial Statement Schedules	21
SIGNATURES	22

PART I

Item 1. Business

This Annual Report on Form 10-K 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 product 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.

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. For more than the past five years we and our subsidiaries have been primarily engaged in the manufacturing, marketing and distribution of an extensive line of frozen and snack food products throughout the United States. Bridgford Foods Corporation has 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. 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 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 the Consolidated Financial Statements included in this Annual Report on Form 10-K.

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

	2015	**2014**
Frozen Food Products	39 %	38 %
Snack Food Products	61 %	57 %
Refrigerated Food Products (Discontinued)	- %	5 %
	100 %	100 %

We manufacture and distribute an extensive line of food products, including biscuits, bread dough items, roll dough items, dry sausage products and beef jerky. Through the end of fiscal 2014, our direct store delivery network consisted of two separate divisions, refrigerated and non-refrigerated snack food products. Refrigerated snack food products were distributed through eight different regions located in the southwest, primarily operating in California, Arizona and Nevada. By the end of fiscal 2014, we ceased refrigerated snack food product distribution because of continued net losses. Our frozen food products division serves both food service and retail customers. Approximately 160 unique frozen food products are sold through wholesalers, cooperatives, and distributors to approximately 21,000 retail outlets and 23,000 restaurants and institutions.

	2015	2014
Products manufactured, processed or packaged by Bridgford	100 %	96 %
Products manufactured or processed by third parties for distribution	- %	4 %
	100 %	100 %

Although we have recently introduced several new products, most of these products have not contributed significantly to our revenue growth for the 2015 fiscal year. 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. Bridgford Foods Corporation and its industry generally have no 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 http://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, 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.

<u>Major Product Classes</u>

Frozen Food Products

Our frozen food products division serves both food service and retail customers. Approximately 160 unique frozen food products are sold through wholesalers, cooperatives, and distributors to approximately 21,000 retail outlets and 23,000 restaurants and institutions.

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 2015, our snack food products division sold approximately 90 different items through customer owned distribution centers and a direct store delivery network serving approximately 15,000 supermarkets, mass merchandise and convenience retail stores located in 49 states. By the end of fiscal 2014, we ceased our route distribution operations in Canada as a cost cutting measure to concentrate on our core route business in the United States in addition to ceasing distribution of refrigerated deli food division because of continued losses.

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. 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 meat operations.

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. Failure to comply with regulations of OSHA could adversely affect our results of 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 31.4% of revenues in fiscal 2015 and 42.6% of total accounts receivable was due from Wal-Mart® at October 30, 2015. Sales to Wal-Mart® comprised 28.8% of revenues in fiscal 2014 and 31.8% of total accounts receivable was due from Wal-Mart® at October 31, 2014.

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 purchases 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 507 employees at October 30, 2015, approximately 38% of whose employment relationship is governed by collective bargaining agreements. These agreements currently expire between February 2016 and March 2017. We believe that our relationship with all of our employees is favorable and contracts will be settled favorably. During the fourth quarter of fiscal 2014, we closed the refrigerated snack food products division and withdrew from the Western Conference of Teamsters Pension Plan, terminating approximately 44 employees.

Executive Officers of the Registrant

The names, ages, and positions of all our executive officers as of January 15, 2016 are listed below. Messrs. Hugh Wm. Bridgford and Allan L. Bridgford are brothers. William L. Bridgford is the son of Hugh Wm. Bridgford and 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 and Hugh Wm Bridgford worked 60% of full time and Allan L. Bridgford worked 50% of full time during fiscal 2015.

Name	Age	Position(s) with our company
Allan L. Bridgford	80	Vice President and member of the Executive Committee
Hugh Wm. Bridgford	84	Vice President and Chairman of the Executive Committee
William L. Bridgford	61	Chairman and member of the Executive Committee
John V. Simmons	60	President and member of the Executive Committee
Raymond F. Lancy	62	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 Annual Report on Form 10-K, 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 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 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 policies 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 established 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. We believe that we are currently in compliance with governmental laws and regulations and that we maintain necessary permits and licenses relating to our meat 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 incomes if we lost one or more of our largest customers, including Wal-Mart®, which accounted for 31.4% of sales in fiscal year 2015. 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% concentration of beneficial ownership of our stock held 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 pay union dues monthly, a portion of which is used to fund pension benefit obligations to plan participants. 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. During fiscal 2014, we withdrew from the Western Conference of Teamsters Pension Plan and recorded an estimated pension expense and a corresponding non-current liability of $798,000 related to this plan. The amount recorded was paid in October 2015. 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	Acreage

	Square Footage	
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

*- property used by Frozen Food Products Segment
**- property used by Snack Products Food 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 and Canada 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 at October 30, 2015 or as of the date of filing of this Annual Report on Form 10-K. 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". The following table reflects the high and low closing sale prices reported by Nasdaq as well as cash dividends paid for each of the last eight fiscal quarters.

Fiscal Year 2015	**High**	**Low**	**Cash Dividends Paid**
First Quarter	$8.35	$7.01	$ 0.00
Second Quarter	$8.65	$7.50	$ 0.00
Third Quarter	$10.81	$7.38	$ 0.00
Fourth Quarter	$10.95	$8.06	$ 0.00

Fiscal Year 2014	**High**	**Low**	**Cash Dividends Paid**
First Quarter	$10.16	$9.36	$ 0.00
Second Quarter	$10.20	$9.55	$ 0.00
Third Quarter	$10.00	$7.79	$ 0.00
Fourth Quarter	$8.58	$7.77	$ 0.00

On January 11, 2016, the closing sale price for our common stock on the Nasdaq Global Market was $9.57 per share. As of January 11, 2016, there were 774 shareholders of record in our common stock.

The payment of any future dividends 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 2015, we repurchased an aggregate of 33,132 shares of our common stock for $282,540 pursuant to our repurchase plan 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 2015.

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 11, 2015 – August 7, 2015	699	$ 9.43	699	132,267
August 8, 2015 – September 4, 2015	1,890	8.67	1,890	130,377
September 5, 2015 – October 2, 2015	3,186	9.30	3,186	127,191
October 3, 2015 – October 30, 2015	2,623	9.25	2,623	124,568
Total	8,398	$ 9.16	8,398	

(1) The periods shown are our fiscal periods during the sixteen-week quarter ended October 30, 2015.

(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 ("Purchase Plan") is administered by Citigroup Global Markets Inc. ("CGM") for purchase of shares of common stock ("Stock") issued by us in compliance with the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934 ("Exchange Act"). Commencing on October 15, 2015 and continuing through and including October 14, 2016, CGM shall act as our exclusive agent to purchase Stock under the Purchase Plan. This Purchase Plan supplements any purchases of 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 October 30, 2015, the total maximum number of shares that may be purchased under the Purchase Plan is 124,568 at a purchase price not to exceed $10.00 per share for a total maximum aggregate price (exclusive of commission) of $1,245,680.

Item 6. Selected Financial Data

Not applicable to 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 October 30, 2015 (52 weeks) Compared to Fiscal Year Ended October 31, 2014 (52 weeks)

<u>Net Sales-Consolidated</u>

Net sales in fiscal 2015 decreased $2,953 (2.2%) when compared to the prior year. The changes in net sales were comprised as follows:

Impact on Net Sales-Consolidated	%	$
Selling price per pound	8.8	12,440
Unit sales volume in pounds	-7.9	(11,189)
Returns activity	1.3	1,834
Promotional activity	1.5	2,215
Increase in net sales – Continuing operations	3.7	5,300
Discontinued Refrigerated Deli Products Division	-5.9	(8,253)
Decrease in net sales	-2.2	(2,953)

Net Sales-Frozen Food Products Segment

Net sales in the Frozen Food Products segment in fiscal 2015 decreased $191 (0.4%) compared to the prior year. The changes in net sales were comprised as follows:

Impact on Net Sales-Frozen Food Products	%	$
Selling price per pound	-0.9	(528)
Unit sales volume in pounds	-2.2	(1,269)
Returns activity	-0.1	(60)
Promotional activity	2.8	1,666
Decrease in net sales	-0.4	(191)

The decrease in net sales in fiscal 2015 was attributable to lower sales volumes. Selling prices per pound remained essentially unchanged from the prior year. The majority of the volume decrease took place in the biscuit category while rolls, sheet dough, monkey bread and shelf-stable categories increased slightly. Returns activity also increased slightly. Lower promotional activity due to recent favorable spending trends compared to fiscal year 2014 helped mitigate the decline in net sales.

Net Sales-Snack Food Products Segment

Net sales, excluding intersegment sales, in the Snack Food Products segment in fiscal 2015 decreased $2,762 (3.3%) compared to the prior year. The changes in net sales were comprised as follows:

Impact on Net Sales-Snack Food Products	%	$
Selling price per pound	15.4	12,968
Unit sales volume in pounds	-11.8	(9,920)
Returns activity	2.2	1,894
Promotional activity	0.5	549
Continuing operations - Increase in net sales	6.3	5,491
Discontinued Refrigerated Deli Products Division	-9.6	(8,253)
Total - Decrease in net sales	-3.3	(2,762)

As noted above, net sales, excluding intersegment sales and discontinued operations, in the Snack Food Products segment in fiscal 2015 increased $5,491 (6.3%) compared to the prior year. The increase in net sales from continuing operations in fiscal 2015 was attributable to higher selling prices per pound partially offset by lower unit sales volume. The increase in selling prices per pound was mainly due to price increases instituted during the year and a sales mix trend favoring higher value beef products. Total beef based product sales volume was essentially flat during the year while sales of pork based products comprised the majority of the volume decrease. The volume decrease related to a significant promotion in FY 2014 that was not repeated in FY 2015 and the de-emphasis of lower margin items. Returns and promotional activity were lower than the prior year period due to the program mentioned above. At the end of fiscal 2014, we discontinued operation of our Refrigerated Deli Products Division and ceased refrigerated snack food product distribution because of continued net losses. The reduction in sales from the discontinued operation offset the increase in sales from continuing operations.

Cost of Products Sold and Gross Margin-Consolidated

Cost of products sold from continuing operations decreased by $6,907 (7.3%) compared to the prior year. Overhead spending decreased due to a significant reduction in workers’ compensation, facility repairs and utility costs. The Company's workers' compensation benefits cost decreased due to favorable trends in claims experience in the current fiscal year. In addition, workers’ compensation benefits cost decreased by an additional $554 due to a change in accounting method to estimate future liabilities. Increases in meat commodity costs year to date partially offset the decrease in cost of products sold as described in the segment analysis below. The gross margin increased from 29.0% to 35.9%.

Change in Cost of Products Sold by Segment	$	%

			Commodity $ (Decrease) Increase
Frozen Food Products Segment	(1,418)	-1.5	(511)
Snack Food Products Segment	(5,489)	-5.8	1,039
Continuing operations	(6,907)	-7.3	528
Discontinued Refrigerated Deli Products Division	(4,258)	-4.5	-
Total	(11,165)	-11.8	528

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

Cost of products sold in the Frozen Food Products segment decreased by $1,418 (4.5%) to $30,372 in the 2015 fiscal year compared to the prior year. Lower unit volume and to a lesser extent lower flour commodity costs of approximately $511 were the primary contributing factors to this decrease. The gross margin percentage increased from 37.3% to 39.9% during fiscal year 2015 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 decreased by $5,489 (5.8%) compared to the prior year. Cost of products sold was significantly reduced due to lower pounds sold, lower workers' compensation costs and lower utility costs. The cost of significant meat commodities increased approximately $1,039 during fiscal 2015 compared to the prior year. The gross margin earned in this segment increased from 23.8% to 33.4% in during fiscal year 2015 primarily as a result of price increases and a favorable change in product mix.

Selling, General and Administrative Expenses-Consolidated

Selling, general and administrative expenses ("SG&A") in fiscal 2015 decreased $4,338 (10.1%) when compared to the prior year. The decrease in this category did not directly correspond to the change in sales.

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

	52 weeks ended		Expense
	October 30, 2015	October 31, 2014	Increase (Decrease)
Wages and bonus	$15,835	$13,684	$ 2,151
Product advertising	3,064	4,008	(944)
Workers' compensation	(167)	585	(752)
Fuel	1,485	2,146	(661)
Cash surrender value	(6)	(514)	508
Outside consultants	1,163	1,516	(354)
Vehicle repairs	525	751	(225)
Healthcare	2,271	2,048	223
Insurance	997	797	200
Other SG&A	13,584	13,067	517
Continuing operations - SG&A	38,751	38,088	663
Discontinued Refrigerated Deli Products Division	-	5,001	(5,001)
Total	$38,751	$43,089	$ (4,338)

Higher profits and profit sharing accruals resulted in increased wages and bonus in the fiscal 2015 fiscal year compared to the prior year. Costs for product advertising decreased during fiscal 2015 mainly as a result of lower sales and spending trends in the Frozen Food Products segment. Our workers' compensation benefits cost decreased due to a one-time gain of $125 on closing out older policy years. In addition, workers' compensation benefits cost decreased by an additional $508 due to a change in accounting estimate to value future liabilities. The decrease in fuel expense was driven by per gallon fuel price decreases compared to the prior year as a result of lower cost trends in petroleum markets. The cash surrender value on life insurance policies decreased due to a decline in the value of underlying equities that support the policies compared to the prior year. Outside consulting costs decreased due to lower custom programming and human resource software processing costs. Vehicle repairs decreased due to the replacement of older fleet vehicles. Healthcare costs have increased due to recent unfavorable claim activity. Insurance expense increased due to unfavorable market conditions, higher coverage levels and unfavorable claims experience. The major components comprising the increase of "Other SG&A" expenses were increases in telephone expense, computer maintenance and outside storage.

Selling, General and Administrative Expenses-Frozen Food Products Segment

SG&A expenses in the Frozen Food Products segment decreased by $1,090 (6.9%) to $14,625 during fiscal year 2015 compared to the prior fiscal year. The overall decrease in SG&A expenses was mainly due to lower product advertising and lower workers' compensation costs as described above.

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

	52 weeks ended		
	October 30, 2015	October 31, 2014	Expense Increase (Decrease)
Snack Food Products Segment	$24,126	$22,373	$ 1,753
Discontinued Refrigerated Deli Products Division	-	5,001	(5,001)
Total	$24,126	$27,374	$ (3,248)

SG&A expenses in the Snack Food Products segment decreased by $3,248 (11.9%) to $24,126 during fiscal year 2015 compared to the prior fiscal year. Most of the decrease was due to the closure of the Refrigerated Deli Products Division at the end of fiscal 2014.

Income Taxes

The effective income tax rate was -89.8% and 2.0% in fiscal years 2015 and 2014, respectively. The 2015 tax benefit of $7,323 related primarily to reversal of the valuation allowance offset partially by income tax expense on book income. In fiscal year 2015, the effective income tax rate differed from the applicable mixed statutory rate of approximately 37.7% primarily due to the reversal of the entire valuation allowance of $10,848 (refer to Note 4 of Notes to the Consolidated Financial Statements) on our deferred tax assets. The 2014 tax benefit of $88 related to the reduction in liability on unrecognized benefits related to research and development tax credits being carried forward due to utilization of a net operating loss.

ASC 740 requires that an entity's deferred tax assets be reduced by a valuation allowance to the extent its management determines that it is more likely than not that such deferred tax asset, or portion thereof, will not be realized. Management evaluated the realizability of its deferred tax assets to determine the need and appropriateness of a valuation allowance. In its determinations, Management considers items of evidence, both positive and negative, including those items outlined in ASC 740. The Company policy outlines measurable objective criteria that must be met before a release of the valuation allowance will occur. The three criteria set forth in the policy must all be satisfied before the valuation allowance can be reversed. The criteria are as follows: first, the Company’s available federal tax net operating loss ("NOL") must be zero; second, the prior thirty-six month cumulative book basis pre-tax income (loss), after considering “one-time” events, is positive; third, the Company considers its outlook of near term continued profitable operations and assesses any material negative and positive trends or events on the immediate horizon. As of October 30, 2015, the Company (1) has utilized its entire federal net operating loss, (2) has positive thirty-six month cumulative book income and (3) meat commodity costs have lowered and stabilized and we have reduced the level of significant non-performing divisions (closure of the refrigerated deli food division during the prior fiscal year). As of October 30, 2015 all three criteria for valuation allowance reversal set forth in the Company policy have been satisfied and the Company has reversed the valuation allowance on deferred tax assets.

Liquidity and Capital Resources (in thousands except share amounts)

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 during the fiscal 2015. There were no borrowings outstanding under this line of credit as of October 30, 2015. The Company is currently in compliance with all provisions of the line of credit agreement. 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 holiday season 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:

	52 Weeks 2015	2014
Net income (loss)	$15,442	$(4,344)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	3,050	2,827
Provision for losses on accounts receivable	24	28
Reduction of (provision for) promotional allowances	2,749	(2,654)
Gain on sale of property, plant and equipment	(127)	(152)
Deferred income taxes, net	3,170	1,598
Tax valuation allowance	(10,848)	(1,598)
Changes in operating working capital	(6,000)	274
Net cash provided by (used in) operating activities	$7,460	$(4,021)

For the fifty-two weeks ended October 30, 2015, net cash provided by operating activities was $7,460, an increase of $11,481 compared to the fifty-two weeks ended October 31, 2014. The increase is primarily related to income from operations of $15,442. During fiscal year 2015 we funded $1,157 towards our defined benefit pension plan. The Company also paid the Teamster pension withdrawal liability in full in the amount of $798. Plan funding strategies may be adjusted depending upon economic conditions, investment options, tax deductibility, or recent 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 79 days for the fifty-two weeks ended October 30, 2015 and 57 days for the fifty-two weeks ended October 31, 2014. The Company had a large promotional program in the Snack Food Products segment ship out just prior to year end contributing to the increase in accounts receivable at the end of fiscal 2015.

For the fifty-two weeks ended October 31, 2014, net cash used by operating activities was $4,021. This result was primarily related to a net loss and an increase in inventory in the Snack Food Products segment. During fiscal year 2014, we funded $1,587 towards our defined benefit pension plan.

Cash used in investing activities:

	52 Weeks	
	2015	**2014**
Proceeds from sale of property, plant and equipment	$52	$163
Additions to property, plant and equipment	(1,404)	(3,877)
Net cash used in investing activities	$(1,352)	$(3,714)

Expenditures for property, plant and equipment include the acquisition of new 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 weeks ended:

	52 Weeks	
	October 30, 2015	**October 31, 2014**
Temperature control	$6	$ 10
Processing equipment	200	2,228
Packaging lines	72	250
Office and building improvements	18	438
Vehicles for sales and/or delivery	664	963
Quality control and communication systems	49	-
Computer software and hardware	-	6
Forklifts	-	51
Increase (decrease) in projects in process	395	(69)
Additions to property, plant and equipment	$1,404	$ 3,877

Cash used in financing activities:

	52 Weeks	
	2015	**2014**

Shares repurchased	$(283)	$(184)
Payments of capital lease obligations	(175)	(214)
Net cash used in financing activities	$(458)	$(398)

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 2015, 124,568 shares were still authorized for repurchase under the program.

We invested in OTR (over-the-road) tractors during fiscal 2012 financed by a capital lease obligation in the amount of $1,848. After reevaluating our fleet delivery needs, we returned five OTR tractors financed by the capital lease arrangement with a remaining liability of $656 during the second quarter of fiscal 2015 that resulted in a gain of $75. The total capital lease obligation remaining as of October 30, 2015 is $725. The capital lease arrangement replaced the long-standing month-to-month leases of transportation equipment.

We maintain a line of credit with Wells Fargo Bank, N.A. that expires on March 1, 2016. During the first quarter of fiscal 2015, we converted our line of credit to a revolving line of credit. Under the terms of this line of credit, we may borrow up to $4,000 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, minimum net income after tax and total capital expenditures of less than $3,000. We were in compliance with all covenants as of October 30, 2015. There have been no borrowings under this line of credit during fiscal 2015.

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.

The impact of inflation on the Company’s financial position and results of operations has not been significant. Management is of the opinion that the Company’s strong financial position and its capital resources are sufficient to provide for its operating needs and capital expenditures for fiscal 2016.

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-seven of the last twenty-eight years (with fiscal 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 October 30, 2015.

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 smaller reporting company.

Item 8. Consolidated Financial Statements and Supplementary Data

The consolidated financial statements required by this Item are set forth under Item 15.

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 (the "Act"), we have undertaken and continue a comprehensive effort, which includes the documentation and review of our internal controls. In order to comply with the 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 market capitalization, 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.

<u>Management's Annual Report on Internal Control Over Financial Reporting</u>

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) (the "2013 Framework") and related illustrative documents as an update to Internal Control-Integrated Framework (1992) (the "1992 Framework"). The Company has determined that the 17 principles are present and functioning during our assessment of the effectiveness of 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 October 30, 2015. Based on management's assessment and the above-referenced criteria, management believes that the internal control over financial reporting for our fiscal year ended October 30, 2015 was effective.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information set forth in the sections entitled “Proposal 1 – Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” contained in our definitive proxy statement for the 2016 Annual Meeting of Shareholders to be held on March 9, 2016 is incorporated herein by reference. Information concerning our executive officers is set forth in Part I, Item 1, hereof under the heading “Executive Officers of the Registrant”.

Item 11. Executive Compensation

Information set forth in the section entitled “Compensation of Executive Officers” contained in our definitive proxy statement for the 2016 Annual Meeting of Shareholders to be held on March 9, 2016 is incorporated herein by reference.

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

Information set forth in the section entitled “Principal Shareholders and Management” contained in our definitive proxy statement for the 2016 Annual Meeting of Shareholders to be held on March 9, 2016 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

Information set forth in the sections entitled “Proposal 1 – Election of Directors” and “Certain Relationships and Related Party Transactions” contained in our definitive proxy statement for the 2016 Annual Meeting of Shareholders to be held on March 9, 2016 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 our 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, 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, he currently is paid a fee of one thousand nine hundred dollars for each meeting attended. Total fees paid under this arrangement for fiscal year 2015 were approximately twenty thousand dollars. 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 2015 were approximately one hundred and eight thousand dollars.

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 twelve hundred dollars per day. Total fees billed under this arrangement for fiscal year 2015 were approximately $136,000. As a member of the board of directors, he was paid a fee of one thousand nine hundred dollars for each meeting attended during fiscal 2015. Total fees paid under this arrangement for fiscal year 2015 were $16,600. He was reappointed as Director as of January 12, 2015.

Real estate consultant and prospective new Board member Keith Ross currently provides consulting services to the board and management. He was paid a fee of two thousand dollars for each board meeting attended during fiscal 2015 for a total of $4,000 during fiscal year 2015.

Item 14. Principal Accountant Fees and Services

Information set forth in the sections entitled “Principal Accountant Fees and Services” and “Policy on Audit Committee Pre-Approval of Audit Services And Permissible Non-Audit Services of Independent Accountants” contained in our definitive proxy statement for the 2016 Annual Meeting of Shareholders to be held on March 9, 2016 is incorporated herein by reference.

20

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

	Page
Management's Annual Report on Internal Control Over Financial Reporting	19
Report of Independent Registered Public Accounting Firm	23
Consolidated Balance Sheets as of October 30, 2015 and October 31, 2014	24
Consolidated Statements of Operations for years ended October 30, 2015 and October 31, 2014	25
Consolidated Statements of Comprehensive Income (Loss) for years ended October 30, 2015 and October 31, 2014	26
Consolidated Statements of Shareholders' Equity for years ended October 30, 2015 and October 31, 2014	26
Consolidated Statements of Cash Flows for years ended October 30, 2015 and October 31, 2014	27
Notes to Consolidated Financial Statements	28

(2) *Financial Statement Schedules*

Not applicable for smaller reporting company.

(3) *Exhibits*

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

Exhibit Number	**Description**
3.5	Restated Articles of Incorporation, dated December 29, 1989 (filed as Exhibit 3.5 to Form 10-K on January 28, 1993 and incorporated herein by reference).
3.6	Amendment to Articles of Incorporation, dated July 27, 1990 (filed as Exhibit 3.6 to Form 10-K on January 28, 1993 and incorporated herein by reference).
3.7	

	By-laws, as amended (filed as Exhibit 2 to Form 10-K on January 28, 1993 and incorporated herein by reference).
3.8	Certificate of Amendment to By-laws (filed as Exhibit 99.1 to Form 8-K on October 10, 2007 and incorporated herein by reference).
10.1	Bridgford Foods Corporation Defined Benefit Pension Plan (filed as Exhibit 10.1 to Form 10-K on January 28, 1993 and incorporated herein by reference).*
10.2	Bridgford Foods Corporation Supplemental Executive Retirement Plan (filed as Exhibit 10.2 to Form 10-K on January 28, 1993 and incorporated herein by reference).*
10.3	Bridgford Foods Corporation Deferred Compensation Savings Plan (filed as Exhibit 10.3 to Form 10-K on January 28, 1993 and incorporated herein by reference).*
21.1	Subsidiaries of the Registrant.
24.1	Power of Attorney (included as part of the signature page)
31.1	Certification of Principal Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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).
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).
101.INS	XBRL Instance Document.**
101.SCH	XBRL Taxonomy Extension Schema Document.**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.**

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

** The XBRL information is being furnished and not filed or a part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these Sections or otherwise incorporated by reference.

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 15, 2016

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 **William L. Bridgford**	Chairman of the Board (Principal Executive Officer)	January 15, 2016
/s/ BRUCE H. BRIDGFORD **Bruce H. Bridgford**	Director	January 15, 2016

/s/ JOHN V. SIMMONS **John V. Simmons**	President & Director	January 15, 2016
/s/ RAYMOND F. LANCY **Raymond F. Lancy**	Chief Financial Officer, Vice President, Treasurer & Director (Principal Financial and Accounting Officer)	January 15, 2016
/s/ TODD C. ANDREWS **Todd C. Andrews**	Director	January 15, 2016
/s/ ALLAN BRIDGFORD JR. **Allan Bridgford Jr.**	Director	January 15, 2016
/s/ D. GREGORY SCOTT **D. Gregory Scott**	Director	January 15, 2016
/s/ PAUL R. ZIPPWALD **Paul R. Zippwald**	Director	January 15, 2016

Report Of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders

Bridgford Foods Corporation

We have audited the accompanying consolidated balance sheets of Bridgford Foods Corporation (the "Company") as of October 30, 2015 and October 31, 2014 and the related consolidated statements of operations, comprehensive income (loss), shareholders’ equity and cash