

BRIDGFORD FOODS CORP  
Form DEF 14A  
March 08, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to Section 240.14a-12

**Bridgford Foods Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**BRIDGFORD FOODS CORPORATION**

**NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS**

**March 14, 2018**

**10:00 a.m. Pacific Time**

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 14, 2018 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 2, 2018; 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 2018 Annual Meeting of Shareholders, or this Notice.

Only shareholders of record at the close of business on February 2, 2018 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 14, 2018.**

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 2017 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 2017 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 19, 2018

**BRIDGFORD FOODS CORPORATION**

**1308 North Patt Street, Anaheim, California 92801**

**2018 ANNUAL MEETING OF SHAREHOLDERS**

**to be held March 14, 2018**

**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 2018 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 14, 2018 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 2, 2018 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 19, 2018.

**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 2, 2018 (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 2, 2018 (Proposal 2).

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

Only our “shareholders of record” at the close of business on February 2, 2018, 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 2017 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 2017 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 2019 Annual Meeting?**

Proposals of shareholders intended to be presented at the 2019 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 2018 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 2019 Annual Meeting of Shareholders has been changed by more than 30 days from the date of the 2018 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 2019 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 2018 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 2019 Annual Meeting of Shareholders is not held within 30 days of the first anniversary of the 2018 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 2019 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 3, 2017, as such was filed with the SEC, including financial statements and associated schedules. Such report was filed with the SEC on January 12, 2018 and is available on the SEC's website at [www.sec.gov](http://www.sec.gov), as well as the Company's website at [www.bridgford.com](http://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 2017 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 2, 2018 appears under the caption "PRINCIPAL SHAREHOLDERS AND MANAGEMENT" below.

| Name                    | Age | Principal Occupation                                                                                        | Year First Became Director |
|-------------------------|-----|-------------------------------------------------------------------------------------------------------------|----------------------------|
| William L. Bridgford    | 63  | Chairman of the Board and Member of the Executive Committee of the Company (1)(4)                           | 2004                       |
| Allan L. Bridgford, Jr. | 58  | Retired Executive of the Company (1)(4)                                                                     | 2011                       |
| Bruce H. Bridgford      | 65  | President of Bridgford Foods of California (1)(4)                                                           | 2009                       |
| John V. Simmons         | 62  | President and Member of the Executive Committee of the Company (4)                                          | 2011                       |
| Todd C. Andrews         | 52  | Vice President and Controller of Public Storage (2)(3)(4)                                                   | 2004                       |
| D. Gregory Scott        | 61  | Managing Director of Peak Holdings, LLC (2)(3)(4)                                                           | 2006                       |
| Raymond F. Lancy        | 64  | Chief Financial Officer, Vice President, Treasurer and Member of the Executive Committee of the Company (4) | 2013                       |
| Keith A. Ross           | 55  | Real Estate Consultant (4)                                                                                  | 2016                       |
| Paul R. Zippwald        | 80  | 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 prior 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 2017, the Company's Board of Directors held eleven regularly scheduled monthly meetings and two special meeting. All directors, with the exception of Messrs. Scott and Ross, 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 2017. 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 A 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 and 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 2017. 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 B 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. Effective as of January 2018, the Executive Committee is comprised of four members. 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](http://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. Eight directors (which represented all of the directors then serving on the Board of the Company) attended the Company's 2017 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 officers who served during fiscal year 2017 is set forth below:

*Allan L. Bridgford*

Allan L. Bridgford, age 82, 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.

*Hugh Wm. Bridgford*

Hugh Wm. Bridgford, age 86, has served as Vice President of the Company and Chairman of the Executive Committee since March of 1995. He previously served as Chairman of the Board of Directors of the Company for more than five years and was a full time employee of the Company from 1955 through December 2010. Mr. Bridgford reduced his work schedule to 80% in January 2011, 60% in November 2012 and 40% in June 2016. He also served as a member of the Executive Committee since 1972. Mr. Bridgford is a graduate of Stanford University with a degree in Economics and completed the Executive Program at the University of California at Los Angeles Graduate School of Business.

*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 on the next page sets forth certain information known to the Company with respect to the beneficial ownership of the Company's common stock as of February 2, 2018 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**

| <b>Name and Address<br/>of Beneficial Owner<sup>(1)</sup></b>                         | <b>Sole<br/>Voting and<br/>Investment<br/>Power</b> | <b>Shared<br/>Voting and<br/>Investment<br/>Power<sup>(2)</sup></b> | <b>Total<br/>Beneficially<br/>Owned<sup>(3)</sup></b> | <b>Percentage<br/>of<br/>Outstanding<br/>Shares<br/>Beneficially<br/>Owned<sup>(3)</sup></b> |   |
|---------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------|---|
| Bridgford Industries Incorporated<br>1707 Good-Latimer Expressway<br>Dallas, TX 75226 | 7,156,396                                           | —                                                                   | 7,156,396                                             | 78.8                                                                                         | % |
| Hugh Wm. Bridgford <sup>(4)</sup>                                                     | 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<br>170 North Green St.<br>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<br>1707 Good-Latimer Expressway<br>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<br>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.

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%, 9.37%, 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.

Applicable percentage of ownership as of January 12, 2018 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 (3) 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.

#### **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 3, 2017, 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 8, 2018, 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 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 3, 2017.

### **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 2017. 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 2017, the Compensation Committee set a base salary of \$5,187.50 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 4% increase in the base salary compared to fiscal year 2016, 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 3, 2017, 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 their 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 and Hugh Wm. 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 plan is subject to annual renewal by the Board of Directors and may be discontinued at the Board's discretion. The plan was renewed for one year at the Board of Directors meeting held in December 2017. The combined gain on this plan during fiscal year 2017 was \$160,000 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 2017 provided that it could not deduct non-performance-based 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 2016 and 2017, 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<br>Principal Position                         | Year | Base<br>Salary <sup>(6)</sup> | Bonus <sup>(6)</sup> | Stock<br>Awards <sup>(1)</sup> | Option<br>Awards <sup>(2)</sup> | Non-Equity<br>Incentive<br>Plan <sup>(2)</sup> | Change in<br>Pension<br>Value and<br>Non-<br>Qualified<br>Deferred<br>Compensation <sup>(3)</sup> | All<br>Other<br>Compensation <sup>(5)</sup> | Total <sup>(5)</sup> |
|--------------------------------------------------------|------|-------------------------------|----------------------|--------------------------------|---------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|
|                                                        |      |                               |                      |                                |                                 |                                                |                                                                                                   |                                             |                      |
| Allan L. Bridgford<br>Vice President                   | 2017 | 138,918                       | 225,585              | —                              | —                               | —                                              | —                                                                                                 | 8,000                                       | 372,503              |
|                                                        | 2016 | 117,717                       | 191,896              | —                              | —                               | —                                              | —                                                                                                 | 8,000                                       | 317,613              |
| Hugh Wm.<br>Bridgford <sup>(7)</sup><br>Vice President | 2017 | 111,134                       | 180,468              | —                              | —                               | —                                              | —                                                                                                 | 19,000                                      | 310,602              |
|                                                        | 2016 | 111,730                       | 230,275              | —                              | —                               | —                                              | —                                                                                                 | 18,600                                      | 360,605              |
| William L.<br>Bridgford<br>Chairman of the<br>Board    | 2017 | 277,836                       | 451,167              | —                              | —                               | —                                              | —                                                                                                 | 19,000                                      | 748,003              |
|                                                        | 2016 | 259,376                       | 383,791              | —                              | —                               | —                                              | 318,203                                                                                           | 18,600                                      | 979,970              |
| John V. Simmons<br>President                           | 2017 | 277,836                       | 451,167              | —                              | —                               | —                                              | —                                                                                                 | 43,376                                      | 772,379              |
|                                                        | 2016 | 259,376                       | 383,791              | —                              | —                               | —                                              | 90,719                                                                                            | 42,976                                      | 776,863              |
| Raymond F.<br>Lancy<br>Chief Financial<br>Officer      | 2017 | 277,836                       | 451,167              | —                              | —                               | —                                              | —                                                                                                 | 19,000                                      | 748,003              |
|                                                        | 2016 | 259,376                       | 383,791              | —                              | —                               | —                                              | 358,120                                                                                           | 18,600                                      | 1,019,887            |

(1)The Company did not grant any stock awards to any of the NEOs during fiscal years 2016 or 2017.

(2)The Company did not grant any option awards to any of the NEOs during fiscal years 2016 or 2017.



The Company did not utilize any non-equity incentive plans in order to pay compensation to its NEOs in fiscal year 2017. While it is the Company's policy to provide each of the NEOs with an opportunity to earn cash bonuses (3) 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."

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 (4) 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 certain NEOs in certain fiscal years was as follows: (i) fiscal year 2017 Allan L. Bridgford (\$101,445) and Hugh Wm. Bridgford (\$81,950), and (ii) fiscal year 2016 Allan L. Bridgford (\$80,791) and Hugh Wm. Bridgford (\$66,743).

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 (5) 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.

(6) Years 2016 was 52 weeks and 2017 was 53 weeks, respectively.

(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 2017 or 2016.

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

There were no outstanding options or stock awards held by any NEOs as of November 3, 2017.

### **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 2017 or 2016.

### **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 3, 2017:**

| Name                 | Number<br>of Years<br>Credited<br>Service | Present Value<br>of<br>Accumulated<br>Benefit (1) | Payments<br>During<br>Fiscal<br>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                                        | \$ —                                 |

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

**For the Fiscal Year ended October 28, 2016:**

| Name                 | Number<br>of Years<br>Credited<br>Service | Present Value<br>of<br>Accumulated<br>Benefit (1) | Payments<br>During<br>Fiscal<br>Year |
|----------------------|-------------------------------------------|---------------------------------------------------|--------------------------------------|
| Allan L. Bridgford   | 49                                        | \$ 989,659                                        | \$ 78,212                            |
| Hugh Wm. Bridgford   | 48                                        | \$ 902,936                                        | \$ 56,293                            |
| William L. Bridgford | 43                                        | \$ 795,697                                        | \$ —                                 |
| John V. Simmons      | 37                                        | \$ 644,750                                        | \$ —                                 |
| Raymond F. Lancy     | 24                                        | \$ 575,490                                        | \$ —                                 |

The assumed discount rate used was 3.40% to compute the present value of the accumulated benefit. The SOA (1)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 3, 2017:**

| <b>Name</b> | <b>Present Value</b> |
|-------------|----------------------|
|-------------|----------------------|

|                      | <b>of</b>          | <b>Payments</b> |
|----------------------|--------------------|-----------------|
|                      | <b>Accumulated</b> | <b>During</b>   |
|                      | <b>Benefit (1)</b> | <b>Last</b>     |
|                      |                    | <b>Fiscal</b>   |
|                      |                    | <b>Year</b>     |
| 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.

**For the Fiscal Year ended October 28, 2016:**

|                      | <b>Present Value</b> | <b>Payments</b> |
|----------------------|----------------------|-----------------|
|                      | <b>of</b>            | <b>During</b>   |
| <b>Name</b>          | <b>Accumulated</b>   | <b>Last</b>     |
|                      | <b>Benefit (1)</b>   | <b>Fiscal</b>   |
|                      |                      | <b>Year</b>     |
| Allan L. Bridgford   | \$ —                 | \$ 34,352       |
| Hugh Wm. Bridgford   | \$ —                 | \$ 40,720       |
| William L. Bridgford | \$ 2,364,021         | \$ —            |
| John V. Simmons      | \$ —                 | \$ —            |
| Raymond F. Lancy     | \$ 2,364,021         | \$ —            |

(1) A 3.40% 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 3, 2017:

| Name                     | Present Value                                           | Present Value              | Present Value             | Present Value                                                                            |
|--------------------------|---------------------------------------------------------|----------------------------|---------------------------|------------------------------------------------------------------------------------------|
|                          | of Benefit Upon Voluntary Termination of Employment (1) | of Benefit if Disabled (1) | of Benefit Upon Death (1) | of Benefit Upon Involuntary Termination of Employment due to Sale/Merger/Acquisition (1) |
| Allan L. Bridgford       | \$ —                                                    | \$ —                       | \$ —                      | \$ —                                                                                     |
| Hugh Wm. Bridgford       | \$ —                                                    | \$ —                       | \$ —                      | \$ —                                                                                     |
| William L. Bridgford (2) | \$ 2,326,963                                            | \$ 2,326,963               | \$ 2,326,963              | \$ 2,326,963                                                                             |
| John V. Simmons          | \$ —                                                    | \$ —                       | \$ —                      | \$ —                                                                                     |
| Raymond F. Lancy (2)     | \$ 2,326,963                                            | \$ 2,326,963               | \$ 2,326,963              | \$ 2,326,963                                                                             |

In each scenario above, the benefit amount shown is calculated at November 3, 2017. A 3.65% 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.

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 3.65%.

The following table estimates future SERP payments under different termination scenarios as of November 3, 2017:

| Name                    | <b>Payment Upon</b>                                              |                                                                        |                                                                          | <b>Involuntary</b>                                                           |
|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------|
|                         | <b>Voluntary Termination<br/>of Employment</b>                   | <b>Payment if<br/>Disabled (1)</b>                                     | <b>Death Benefit<br/>from Plan (2)</b>                                   | <b>Termination of<br/>Employment Due<br/>to Sale/Merger/<br/>Acquisition</b> |
| Allan L.<br>Bridgford   | —                                                                | —                                                                      | —                                                                        | —                                                                            |
| Hugh Wm.<br>Bridgford   | —                                                                | —                                                                      | —                                                                        | —                                                                            |
| William L.<br>Bridgford | \$16,666.67 per month for<br>180 months beginning on<br>11/03/17 | \$16,666.67 per month for<br>180 months commencing<br>after disability | \$16,666.67 per month<br>for 180 months<br>beginning just after<br>death | Lump Sum payment<br>due at termination of<br>\$2,326,963                     |
| John V.<br>Simmons      | —                                                                | —                                                                      | —                                                                        | —                                                                            |
| Raymond F.<br>Lancy     | \$16,666.67 per month for<br>180 months beginning on<br>11/03/17 | \$16,666.67 per month for<br>180 months commencing<br>after disability | \$16,666.67 per month<br>for 180 months<br>beginning just after<br>death | Lump Sum payment<br>due at termination of<br>\$2,326,963                     |

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 (1) 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 3, 2017. The discount rate used to calculate the lump sum amount is 3.65%.



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 3, 2017.

| Name                 | Executive<br>Contributions in<br>Fiscal Year | Company<br>Contributions in<br>Fiscal Year | Aggregate<br>Earnings in<br>Fiscal Year | Aggregate<br>Withdrawals/<br>Distributions | Aggregate<br>Balance at<br>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 October 28, 2016.

| Name                 | Executive<br>Contributions in<br>Fiscal Year | Company<br>Contributions in<br>Fiscal Year | Aggregate<br>Earnings in<br>Fiscal<br>Year | Aggregate<br>Withdrawals/<br>Distributions | Aggregate<br>Balance at<br>Fiscal<br>Year End |
|----------------------|----------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|-----------------------------------------------|
| Allan L. Bridgford   | \$ —                                         | \$ —                                       | \$ —                                       | \$ 49,261                                  | \$ —                                          |
| Hugh Wm. Bridgford   | \$ —                                         | \$ —                                       | \$ —                                       | \$ 49,261                                  | \$ —                                          |
| 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 3, 2017:

| 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 2017. Directors who were employees did not receive any additional compensation for their services as directors.

| Name                    | Fees<br>Earned<br>or Paid<br>in Cash | Stock<br>Awards | Option<br>Awards | Non-Equity<br>Incentive Plan<br>Compensation | Non-Qualified                        |                           | Total            |
|-------------------------|--------------------------------------|-----------------|------------------|----------------------------------------------|--------------------------------------|---------------------------|------------------|
|                         |                                      |                 |                  |                                              | Deferred<br>Compensation<br>Earnings | All Other<br>Compensation |                  |
| Todd C. Andrews         | \$22,700                             | \$ —            | \$ —             | \$ —                                         | \$ —                                 | \$ —                      | \$22,700         |
| Allan L. Bridgford, Jr. | \$ 25,000                            | \$ —            | \$ —             | \$ —                                         | \$ —                                 | \$ 1,283,436              | (1) \$ 1,308,436 |
| Keith A. Ross           | \$17,700                             | \$ —            | \$ —             | \$ —                                         | \$ —                                 | \$ 323,839                | (2) \$341,539    |
| D. Gregory Scott        | \$22,900                             | \$ —            | \$ —             | \$ —                                         | \$ —                                 | \$ —                      | \$22,900         |
| Paul R. Zippwald        | \$17,700                             | \$ —            | \$ —             | \$ —                                         | \$ —                                 | \$ —                      | \$17,700         |

Consists of (i) \$250,200 paid and (ii) \$1,033,236 to be paid over 3 years in equal annual installments to Allan L. (1) Bridgford, Jr. for consulting services rendered to the Company. See “CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS” for further details.

(2) Consists of \$323,839 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 Company 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 \$2,000 for each of the first two Board meetings attended during fiscal year 2017 and \$2,100 for each subsequent Board meeting attended in fiscal year 2017. Members of the Audit Committee were paid \$350 to \$550 for each Audit Committee meeting attended in fiscal year 2017 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 \$2,100 for each Board of Directors meeting attended. Total fees paid for attending Board of Directors meetings under this arrangement were \$22,900 in fiscal year 2017 and \$19,800 in fiscal year 2016. 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 2017 and 2016 were approximately \$131,000 and \$163,000, 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 \$250,000 in fiscal year 2017 and \$139,000 in fiscal year 2016. In addition, under a separate consulting arrangement for 2017, we accrued approximately \$1,033,000 of profit sharing based on fiscal year 2017 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 \$324,000 during fiscal year 2017.

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 2, 2018.

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 2, 2018.**

### **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 2017 were approximately \$155,000. 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 2016 were approximately \$149,000.

***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 2017 or fiscal year 2016.

***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. Approximately \$11,000 was billed by Squar Milner LLP for tax consulting during fiscal 2017 and no tax fees were billed by Squar Milner LLP for fiscal year 2016.

***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 2017 or fiscal year 2016.

**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 2017 and 2016, 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.







