



Filing Values

Submission Type	10-Q
Contact Name	RDG Filings
Contact Phone	1-415-643-6080
Exchange(s)	NASD
Filer CIK	0000014177
Filer CCC	*****
Reporting Period	7/10/2015
Smaller Reporting Company?	True
Notification Email Addresses	file@rdgfilings.com

Documents

10-Q	brid20150717_10q.htm	FORM 10-Q
EX-31.1	ex31-1.htm	Exhibit 31.1
EX-31.2	ex31-2.htm	Exhibit 31.2
EX-32.1	ex32-1.htm	Exhibit 32.1
EX-32.2	ex32-2.htm	Exhibit 32.2
GRAPHIC	brid20150717_10qimg001.jpg	

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.20549
FORM 10-Q
(Mark one)
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended July 10, 2015

OR

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

For the transition period from _____ to _____.

Commission file number 0-2396



BRIDGFORD FOODS CORPORATION
(Exact name of Registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

95-1778176
(I.R.S. Employer
identification number)

1308 N. Patt Street, Anaheim, CA 92801
(Address of principal executive offices-Zip code)

714-526-5533
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of August 7, 2015 the registrant had 9,088,986 shares of common stock outstanding.

BRIDGFORD FOODS CORPORATION
FORM 10-Q QUARTERLY REPORT
INDEX

References to "Bridgford Foods" or the "Company" contained in this Quarterly Report on Form 10-Q refer to Bridgford Foods Corporation.

Part I. Financial Information

	Page
Item 1. Financial Statements	
a. Condensed Consolidated Balance Sheets at July 10, 2015 (unaudited) and October 31, 2014.	3
b. Condensed Consolidated Statements of Operations for the twelve and thirty-six weeks ended July 10, 2015 and July 11, 2014 (unaudited)	4
c. Condensed Consolidated Statements of Cash Flows for the thirty-six weeks ended July 10, 2015 and July 11, 2014 (unaudited)	5
d. Notes to Condensed Consolidated Financial Statements (unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3. Quantitative and Qualitative Disclosures about Market Risk	21
Item 4. Controls and Procedures	21
Part II. Other Information	
Item 1A. Risk Factors	22
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 6. Exhibits	23
Signatures	24

Items 1, 3, 4 and 5 of Part II have been omitted because they are not applicable with respect to the Company and/or the current reporting period.

Part I. Financial Information

Item 1. a.

BRIDGFORD FOODS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	<u>July 10,</u> <u>2015</u>	<u>October 31,</u> <u>2014</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,856	\$ 192
Accounts receivable, less allowance for doubtful accounts of \$112 and \$144, respectively, and promotional allowances of \$5,725 and \$5,810, respectively	9,320	10,302
Inventories, less inventory reserves of \$587 and \$558, respectively (Note 2)	16,323	21,292
Prepaid expenses and other current assets	526	346
Refundable income taxes	92	133
Deferred income taxes, less valuation allowance of \$2,113	-	-
Total current assets	<u>36,117</u>	<u>32,265</u>
Property, plant and equipment, net of accumulated depreciation and amortization of \$59,449 and \$58,450, respectively	10,335	12,251
Other non-current assets	13,825	13,660
Deferred income taxes, less valuation allowance of \$8,486	-	-
Total assets	<u>\$ 60,277</u>	<u>\$ 58,176</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,781	\$ 5,780
Accrued payroll, advertising and other expenses	4,933	6,029
Current portion of non-current liabilities	3,488	2,596
Income taxes payable	166	-
Total current liabilities	<u>13,368</u>	<u>14,405</u>
Non-current liabilities	17,339	18,521
Total liabilities	<u>30,707</u>	<u>32,926</u>
Commitments and contingencies (Note 3)		
Shareholders' equity:		
Preferred stock, without par value; authorized - 1,000 shares; issued and outstanding - none	-	-
Common stock, \$1.00 par value; authorized - 20,000 shares; issued and outstanding -9,090 and 9,113 shares, respectively	9,148	9,171
Capital in excess of par value	8,403	8,584
Retained earnings	29,385	24,861
Accumulated other comprehensive loss	(17,366)	(17,366)
Total shareholders' equity	<u>29,712</u>	<u>25,250</u>
Total liabilities and shareholders' equity	<u>\$ 60,277</u>	<u>\$ 58,176</u>

See accompanying notes to condensed consolidated financial statements.

Item 1. b.

BRIDGFORD FOODS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	12 weeks ended		36 weeks ended	
	July 10, 2015	July 11, 2014	July 10, 2015	July 11, 2014
Net sales	\$ 26,489	\$ 27,915	\$ 87,896	\$ 91,624
Cost of products sold	15,869	20,486	57,382	64,992
Gross margin	10,620	7,429	30,514	26,632
Selling, general and administrative expenses	8,623	9,812	25,848	30,061
Income (loss) before taxes	1,997	(2,383)	4,666	(3,429)
Income tax provision	142	-	142	-
Net income (loss)	<u>\$ 1,855</u>	<u>\$ (2,383)</u>	<u>\$ 4,524</u>	<u>\$ (3,429)</u>
Net income (loss) per share – Basic and diluted	<u>\$ 0.20</u>	<u>\$ (0.26)</u>	<u>\$ 0.50</u>	<u>\$ (0.38)</u>
Weighted average common shares – Basic and diluted	<u>9,095</u>	<u>9,121</u>	<u>9,104</u>	<u>9,126</u>
Cash dividends paid per share	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to condensed consolidated financial statements.

Item 1. c.

BRIDGFORD FOODS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	36 weeks ended	
	July 10, 2015	July 11, 2014
Cash flows from operating activities:		
Net income (loss)	\$ 4,524	\$ (3,429)
Income or charges not affecting cash and cash equivalents:		
Depreciation	2,095	1,772
Provision for losses on accounts receivable	20	64
Provision for promotional allowances	85	1,515
Gain on sale of property, plant and equipment	(122)	(79)
Accounts receivable	877	107
Inventories	4,969	(1,132)
Prepaid expenses and other current assets	(139)	274
Other non-current assets	(165)	(409)
Accounts payable	(999)	(139)
Accrued payroll, advertising and other expenses	43	(1,507)
Non-current liabilities	(691)	(1,209)
Net cash provided by (used in) operating activities	10,497	(4,172)
Cash used in investing activities:		
Proceeds from sale of property, plant and equipment	47	90
Additions to property, plant and equipment	(549)	(2,986)
Net cash used in investing activities	(502)	(2,896)
Cash used in financing activities:		
Shares repurchased	(204)	(140)
Payment of capital lease obligations	(127)	(142)
Net cash used in financing activities	(331)	(282)
Net increase (decrease) in cash and cash equivalents	9,664	(7,350)
Cash and cash equivalents at beginning of period	192	8,325
Cash and cash equivalents at end of period	\$ 9,856	\$ 975
Supplemental cash flow information:		
Cash paid for income taxes	\$ 45	
Returned OTR (over-the-road) tractors originally financed by capital lease obligation	\$ (656)	\$ -

See accompanying notes to condensed consolidated financial statements.

Item 1. d.

BRIDGFORD FOODS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(in thousands, except percentages, share and per share amounts)

Note 1 - Summary of Significant Accounting Policies:

The unaudited condensed consolidated financial statements of Bridgford Foods Corporation (the "Company", "we", "our", "us") for the twelve and thirty-six weeks ended July 10, 2015 and July 11, 2014 have been prepared in conformity with the accounting principles described in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2014 (the "Annual Report") and include all adjustments considered necessary by management for a fair presentation of the interim periods. This report should be read in conjunction with the Annual Report. Due to seasonality and other factors, interim results are not necessarily indicative of the results for the full year. Recent accounting pronouncements and their effect on the Company are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-Q.

The October 31, 2014 balance sheet within these interim condensed consolidated financial statements was derived from the audited fiscal 2014 financial statements.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported revenues and expenses during the reporting periods. Actual results may vary from these estimates. Some of the estimates needed to be made by management include the allowance for doubtful accounts, promotional and returns allowances, inventory reserves, the estimated useful lives of property and equipment, and the valuation allowance for the Company's deferred tax assets. Actual results could materially differ from these estimates. Amounts estimated related to liabilities for self-insured workers' compensation, employee healthcare and pension benefits are especially subject to inherent uncertainties and these estimated liabilities may ultimately settle at amounts which vary from our current estimates. Market conditions and the volatility in stock markets may cause significant changes in the measurement of our pension fund liabilities and the performance of our life insurance policies in future periods.

During the second quarter of fiscal 2015, the Company re-evaluated the loss rates used to estimate the liability for self-insured workers compensation based on company specific historical claims and loss experience. As a result, the Company recorded a reduction in cost of sales of \$233, a reduction in selling, general and administrative expenses of \$137 and thus reduced its liability by \$370 during the thirty-six weeks ended July 10, 2015. This change in accounting estimate increased net income by \$370 or \$0.04 per share.

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

During fiscal 2014, we withdrew from the Western Conference of Teamsters Pension Plan and recorded an estimated pension expense and a corresponding non-current liability of \$798 related to this plan. During the quarter ended July 10, 2015, the Company received a notice and demand for payment in the amount of \$798. The payment amount may be paid in one lump sum or monthly installments at the discretion of the Company. In addition, the Company can request a fund review or, if desired, the determination may be disputed through arbitration. The Company expects the full outstanding amount to be paid by October 2015 this liability and was reclassified as a current liability in the accompanying balance sheet. The ultimate amount paid may differ from this estimate due to the factors stated above. We continue to participate in other multiemployer union plans; we currently do not intend to withdraw from such plans. In the event of a full or partial withdrawal from these plans, the impact to our financial statements could be material.

Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, accounts receivable, accounts payable and accrued payroll, advertising and other expenses. The carrying amount of these instruments approximate fair market value due to their short term maturity. At July 10, 2015, the Company had accounts in excess of the Federal Deposit Insurance Corporation insurance coverage limit. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Company grants payment terms to a significant number of customers that are diversified over a wide geographic area. The Company monitors the payment histories of its customers and maintains an allowance for doubtful accounts which is reviewed for adequacy on a quarterly basis. The Company does not require collateral from its customers.

The table below shows customers that accounted for more than 20% of consolidated accounts receivable (“AR”) or 10% of consolidated revenues for the thirty-six weeks ended July 10, 2015 and July 11, 2014, respectively.

Customer Concentration > 20% of AR or 10% Sales *

	Wal-Mart		Dollar General	
	Sales	AR	Sales	AR
July 10, 2015	31.9%	45.5%	8.6%	13.3%
July 11, 2014	27.0%	22.8%	10.1%	28.3%

* = No other customer accounted for more than 20% of consolidated accounts receivable or 10% of consolidated revenues for the thirty-six weeks ended July 10, 2015 or the thirty-six weeks ended July 11, 2014.

Subsequent events

Management has evaluated events subsequent to July 10, 2015 through the date that the accompanying condensed consolidated financial statements were filed with the Securities and Exchange Commission for transactions and other events which may require adjustments of and/or disclosure in such financial statements.

Basic and diluted earnings per share

Basic and diluted earnings per share are calculated based on the weighted average number of shares outstanding for all periods presented. No stock options, warrants, or convertible securities were outstanding as of July 10, 2015 or July 11, 2014, respectively.

Note 2 - Inventories:

Inventories are comprised of the following at the respective period ends:

	(unaudited) July 10, 2015	October 31, 2014
Meat, ingredients and supplies	\$ 5,115	\$ 4,716
Work in progress	935	1,447
Finished goods	10,273	15,129
	<u>\$ 16,323</u>	<u>\$ 21,292</u>

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

Note 3 - Commitments and Contingencies:

We invested in OTR (over-the-road) tractors during the third quarter of fiscal 2012 financed by a capital lease obligation in the amount of \$1,848. After reevaluating our fleet delivery needs, we returned five OTR tractors financed by the capital lease arrangement with a remaining liability of \$656 during the second quarter of fiscal 2015. Due to timing differences in the principal payments of capital lease obligations and depreciation periods, we recorded a gain on disposal totaling \$75 during the quarter ended April 17, 2015.

The total capital lease obligation remaining as of July 10, 2015 is \$772. The lease arrangement also contains a variable component of seven cents per mile based on miles driven over the lease life. The capital lease arrangement replaced the long-standing month-to-month leases of transportation equipment.

The Company also leases warehouse and/or office facilities throughout the United States through month-to-month rental agreements. No material changes have been made to these agreements during the first thirty-six weeks of fiscal 2015.

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters is not expected to have a material adverse effect on the Company's consolidated financial position or results of operations.

Most flour purchases are made at market price without contracts. However, the Company may purchase bulk flour at current market prices under short-term (30 - 120 days) fixed price contracts during the normal course of business. Under these arrangements, the Company is obligated to purchase specific quantities at fixed prices, within the specified contract period. These contracts provide for automatic price increases if agreed quantities are not purchased within the specified contract period. The contracts are not material. These contracts are typically settled within a month's time and no significant contracts remain open at the close of the quarterly or annual reporting period. No significant contracts remained unfulfilled at July 10, 2015. The Company does not participate in the commodity futures market or hedging to limit commodity exposure.

Note 4 - Segment Information:

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

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

The following segment information is presented for the twelve and thirty-six weeks ended July 10, 2015 and July 11, 2014.

Segment Information							Refrigerated Deli Products Division*
Twelve weeks Ended July 10, 2015	Frozen Food Products	Snack Food Products	Other	Elimination	Totals		
Sales	\$ 9,869	\$ 16,620	\$ -	\$ -	\$ 26,489	\$ -	
Intersegment sales	-	-	-	-	-	-	
Net sales	9,869	16,620	-	-	26,489	-	
Cost of products sold	6,047	9,822	-	-	15,869	-	
Gross margin	3,822	6,798	-	-	10,620	-	
SG&A	3,237	5,386	-	-	8,623	-	
Income before taxes	585	1,412	-	-	1,997	-	
Total assets	\$ 9,741	\$ 25,963	\$ 24,573	\$ -	\$ 60,277	\$ -	
Additions to PP&E	\$ 35	\$ 222	\$ (1)	\$ -	\$ 256	\$ -	

Segment Information							Refrigerated Deli Products Division*
Twelve weeks Ended July 11, 2014	Frozen Food Products	Refrigerated and Snack Food Products	Other	Elimination	Totals		
Sales	\$ 10,093	\$ 17,822	\$ -	\$ -	\$ 27,915	\$ 1,909	
Intersegment sales	-	35	-	(35)	-	-	
Net sales	10,093	17,857	-	(35)	27,915	1,909	
Cost of products sold	6,639	13,882	-	(35)	20,486	1,460	
Gross margin	3,454	3,975	-	-	7,429	449	
SG&A	3,524	6,288	-	-	9,812	1,193	
Income before taxes	(70)	(2,313)	-	-	(2,383)	(744)	
Total assets	\$ 10,999	\$ 31,834	\$ 15,366	\$ -	\$ 58,199	\$ -	
Additions to PP&E	\$ 46	\$ 752	\$ 25	\$ -	\$ 823	\$ -	

* = At the end of fiscal year 2014, the Company discontinued operation of the Refrigerated Deli Products Division which was previously included within the Refrigerated and Snack Food Products segment.

Segment Information						Refrigerated Deli Products Division*
Thirty-six weeks Ended July 10, 2015	Frozen Food Products	Refrigerated and Snack Food Products	Other	Elimination	Totals	
Sales	\$ 34,082	\$ 53,814	\$ -	\$ -	\$ 87,896	\$ -
Intersegment sales	-	-	-	-	-	-
Net sales	34,082	53,814	-	-	87,896	-
Cost of products sold	20,961	36,421	-	-	57,382	-
Gross margin	13,121	17,393	-	-	30,514	-
SG&A	10,033	15,815	-	-	25,848	-
Income before taxes	3,088	1,578	-	-	4,666	-
Total assets	\$ 9,741	\$ 25,963	\$ 24,573	\$ -	\$ 60,277	\$ -
Additions to PP&E	\$ 88	\$ 451	\$ 10	\$ -	\$ 549	\$ -

Segment Information						Refrigerated Deli Products Division*
Thirty-six weeks Ended July 11, 2014	Frozen Food Products	Refrigerated and Snack Food Products	Other	Elimination	Totals	
Sales	\$ 35,128	\$ 56,496	\$ -	\$ -	\$ 91,624	\$ 5,919
Intersegment sales	-	370	-	(370)	-	-
Net sales	35,128	56,866	-	(370)	91,624	5,919
Cost of products sold	22,303	43,059	-	(370)	64,992	3,997
Gross margin	12,825	13,807	-	-	26,632	1,922
SG&A	11,344	18,717	-	-	30,061	3,570
Income before taxes	1,481	(4,910)	-	-	(3,429)	(1,648)
Total assets	\$ 10,999	\$ 31,834	\$ 15,366	\$ -	\$ 58,199	\$ -
Additions to PP&E	\$ 134	\$ 2,862	\$ (10)	\$ -	\$ 2,986	\$ -

Note 5 – Income Taxes:

The Company expects its effective tax rate for the 2015 fiscal year to be different from the federal statutory rate due to the state taxes and a change in valuation allowance. The effective tax rate for the thirty-six week period ended July 10, 2015 was 7.1% to cover state taxes and federal alternative minimum tax ("AMT").

We recorded an income tax provision of \$142 for the thirty-six week period ended July 10, 2015, related to federal and state taxes, based on the Company's expected annual effective tax rate.

Management evaluated the need for a full valuation allowance at the end of the thirty-six weeks ended July 10, 2015. Management evaluated both positive and negative evidence. The existence of the current net operating loss carryforward continued to support the conclusion that the realization of our deferred tax assets does not meet the more likely than not standard. Therefore, a full valuation allowance will remain against the net deferred tax assets.

As of July 10, 2015, the Company had federal and state net operating loss carryforwards of approximately \$6,160 and \$4,006. These loss carryforwards will expire at various dates from 2018 through 2033.

Our federal income tax returns are open to audit under the statute of limitations for the fiscal years ended October 31, 2012 through 2014. We are subject to income tax in California and various other state taxing jurisdictions. Our California state income tax returns are open to audit under the statute of limitations for the fiscal years ended October 31, 2011 through 2014.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
(dollars in thousands)**

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report constitute "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934 (the "Exchange Act"). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Bridgford Foods Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; the impact of competitive products and pricing; success of operating initiatives; development and operating costs; advertising and promotional efforts; adverse publicity; acceptance of new product offerings; consumer trial and frequency; changes in business strategy or development plans; availability, terms and deployment of capital; availability of qualified personnel; commodity, labor, and employee benefit costs; changes in, or failure to comply with, government regulations; weather conditions; construction schedules; and other factors referenced in this Quarterly Report on Form 10-Q. Assumptions relating to budgeting, marketing, and other management decisions are subjective in many respects and thus susceptible to interpretations and periodic revisions based on actual experience and business developments, the impact of which may cause us to alter our marketing, capital expenditure or other budgets, which may in turn affect our business, financial position, results of operations and cash flows. The reader is therefore cautioned not to place undue reliance on forward-looking statements contained herein and to consider other risks detailed more fully in our Annual Report on Form 10-K for the fiscal year ended October 31, 2014. We undertake no obligation to publicly release the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

Critical Accounting Policies and Management Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the respective reporting periods. Some of the estimates needed to be made by management include the allowance for doubtful accounts, promotional and returns allowances, inventory reserves, the estimated useful lives of property and equipment, and the valuation allowance for the Company's deferred tax assets. Actual results could materially differ from these estimates. We determine the amounts to record based on historical experience and various other assumptions that we view as reasonable under the circumstances and consider all relevant available information. The results of this analysis form the basis for our conclusion as to the value of assets and liabilities that are not readily available from other independent sources. Amounts estimated related to liabilities for self-insured workers' compensation, employee healthcare and pension benefits are especially subject to inherent uncertainties and these estimated liabilities may ultimately settle at amounts which vary from our current estimates.

Current accounting principles require that our pension benefit obligation be measured using an internal rate of return ("IRR") analysis to be included in the discount rate selection process. The IRR calculation for the Retirement Plan for Employees of Bridgford Foods Corporation is measured annually and based on the Citigroup Pension Discount Rate. The Citigroup Pension Discount Rate as of June 30, 2015 was 4.44% as compared to 4.05% at October 31, 2014. The discount rate applied can significantly affect the value of the projected benefit obligation as well as the net periodic benefit cost.

Our credit risk is diversified across a broad range of customers and geographic regions. Losses due to credit risk have recently been immaterial. The provision for doubtful accounts receivable is based on historical trends and current collection risk. We have significant receivables with a few large, well known customers which, although historically secure, could be subject to material risk should these customers' operations suddenly deteriorate. We monitor these customers closely to minimize the risk of loss.

The table on the next page shows customers that accounted for more than 20% of consolidated accounts receivable ("AR") or 10% of consolidated revenues for the thirty-six weeks ended July 10, 2015 and July 11, 2014, respectively.

Customer Concentration > 20% of AR or 10% Sales *

	Wal-Mart		Dollar General	
	Sales	AR	Sales	AR
July 10, 2015	31.9%	45.5%	8.6%	13.3%
July 11, 2014	27.0%	22.8%	10.1%	28.3%

* = No other customer accounted for more than 20% of consolidated accounts receivable or 10% of consolidated revenues for the thirty-six weeks ended July 10, 2015 or the thirty-six weeks July 11, 2014.

Revenues are recognized upon passage of title to the customer, typically upon product pick-up, shipment or delivery to customers. Products are delivered to customers primarily through our own long-haul fleet or through our own direct store delivery system.

We record the cash surrender or contract value for life insurance policies as an adjustment of premiums paid in determining the expense or income to be recognized under the contract for the period.

Management is required to evaluate whether a valuation allowance should be established against its deferred tax assets based on the consideration of all available evidence using a "more likely than not" standard. Realization of deferred tax assets is dependent upon taxable income in prior carryback years, estimates of future taxable income, tax planning strategies, and reversals of existing taxable temporary differences. Management concluded at the end of 2008 that it was more likely than not that deferred tax assets would not be realized and recorded a full valuation allowance on all deferred tax assets during the fourth quarter of fiscal 2008. Management re-evaluated the need for a full valuation allowance as of July 10, 2015. Management evaluated both positive and negative evidence. The weight of negative factors and level of economic uncertainty in our current business continued to support the conclusion that the realization of our deferred tax assets does not meet the more likely than not standard. Therefore, a full valuation allowance remains against the net deferred tax assets at July 10, 2015.

We provide tax reserves for federal, state, local and international exposures relating to audit results, tax planning initiatives and compliance responsibilities. The development of these reserves requires judgments about tax issues, potential outcomes and timing, and is a subjective estimate. Although the outcome of these tax audits is uncertain, in management's opinion adequate provisions for income taxes have been made for potential liabilities, if any, resulting from these reviews. Actual outcomes may differ materially from these estimates.

We assess the recoverability of our long-lived assets on a quarterly basis or whenever adverse events or changes in circumstances or business climate indicate that expected undiscounted future cash flows related to such long-lived assets may not be sufficient to support the net book value of such assets. If undiscounted cash flows are not sufficient to support the recorded assets, we recognize an impairment to reduce the carrying value of the applicable long-lived assets to their estimated fair value.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the "PPACA"), was signed into law. The PPACA contains provisions which may impact the Company's accounting of other postemployment benefit ("OPEB") obligations in future periods. Regulatory guidance for implementation of some of the provisions of the PPACA has not yet been established. Requirements of the law include the removal of the lifetime limits on retiree medical coverage, expanding dependent coverage to age 26 and elimination of pre-existing conditions that may impact OPEB costs. In addition, the PPACA includes an excise tax in 2018 on the value of benefits that exceed a pre-defined limit which may require changes in benefit plan levels in order to minimize this additional cost. We will continue to assess the accounting implications of the PPACA and its impact on our financial position and results of operations as more legislative and interpretive guidance becomes available. The potential future effects and cost of complying with the provisions of the PPACA are not determinable at this time.

Overview of Reporting Segments

We operate in two business segments – the processing and distribution of frozen products (the Frozen Food Products segment), and the processing and distribution of snack food products (the Snack Food Products segment). For information regarding the separate financial performance of the business segments refer to Note 4 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. We manufacture and distribute an extensive line of food products, including biscuits, bread dough items, roll dough items, dry sausage products and beef jerky.

Frozen Food Products Segment

In our Frozen Food Products segment, we manufacture and distribute an extensive line of food products, including biscuits, bread dough items, roll dough items and sandwiches. All items within this segment are considered similar products and have been aggregated at this level. Our Frozen Food Products segment serves both food service and retail customers. Products produced in this segment are supplied through leased long-haul vehicles to food service and retail distributors that take title to the product upon shipment receipt. Approximately 160 unique frozen food products are sold through wholesalers, cooperatives and distributors to approximately 21,000 retail outlets and 24,000 restaurants and institutions.

Snack Food Products Segment

In our Snack Food Products segment, we primarily distribute products manufactured by us. All items within this segment are considered similar products and have been aggregated at this level. The dry sausage division includes products such as jerky, meat snacks, sausage and pepperoni products. This segment sells approximately 100 different items through a direct store delivery network serving approximately 13,000 supermarkets, mass merchandise and convenience retail stores located in 49 states. These customers are comprised of large retail chains and smaller “independent” operators.

Products produced or distributed by the Snack Food Products segment are supplied to customers through either direct-store-delivery or direct delivery to customer warehouses. Product delivered using the company-owned fleet direct to the store is considered a direct-store-delivery. In this case, we provide the service of setting up and maintaining the display and stocking our products. Products delivered to customer warehouses are distributed to the retail store and stocked by the customer where it is then resold to the end consumer. Prior to fiscal 2015, the Snack Food Products segment included refrigerated snack food products that were prepared and distributed by our Refrigerated Deli Products Division. However, we discontinued operation of the Refrigerated Deli Products Division at the end of fiscal 2014 because of continued losses.

Results of Operations for the Twelve Weeks ended July 10, 2015 and July 11, 2014.

Net Sales-Consolidated

Net sales decreased by \$1,426 (5.1%) to \$26,489 in the third twelve-week period of the 2015 fiscal year compared to the same twelve-week period last year. The changes in net sales were comprised as follows:

	%	\$
Impact on Net Sales-Consolidated		
Selling price per pound	13.4	3,837
Unit sales volume in pounds	-10.7	(3,049)
Returns activity	1.5	445
Promotional activity	-1.6	(345)
Continuing operations - Increase in net sales	2.6	888
Discontinued Refrigerated Deli Products Division	-7.7	(2,314)
Decrease in net sales	-5.1	(1,426)

The increase in net sales from continuing operations in the twelve weeks ended July 10, 2015 was attributable to a significant high volume promotional program with a customer. Selling price per pound increased significantly in the Snack Food Products segment as discussed in the segment analysis below. Returns were lower than the prior year period. Promotional activity was higher due to the program discussed further in the Snack Food Products segment.

Net Sales-Frozen Food Products Segment

Net sales in the Frozen Food Products segment decreased by \$224 (2.2%) to \$9,869 in the third twelve-week period of the 2015 fiscal year compared to the same twelve-week period last year. The changes in net sales were comprised as follows:

	%	\$
Impact on Net Sales-Frozen Food Products		
Selling price per pound	2.1	240
Unit sales volume in pounds	-6.1	(692)
Returns activity	0.3	33
Promotional activity	1.5	195
Decrease in net sales	-2.2	(224)

The decrease in net sales for the twelve weeks ended July 10, 2015 primarily relates to an unfavorable change in product mix that caused lower unit sales volume in pounds which was partially offset by an increase in selling prices. Returns activity decreased. Promotional activity was lower based on recent favorable spending trends compared to the same twelve-week period in the 2014 fiscal year.

Net Sales-Snack Food Products Segment

Net sales in the Snack Food Products segment, decreased by \$1,202 (6.7%) to \$16,620 in the third twelve-week period of the 2015 fiscal year compared to the same twelve-week period last year. The changes in net sales were comprised as follows:

Impact on Net Sales-Snack Food Products	%	\$
Selling price per pound	21.0	3,597
Unit sales volume in pounds	-13.7	(2,357)
Returns activity	2.1	412
Promotional activity	-3.9	(540)
Continuing operations - Increase in net sales	5.5	1,112
Discontinued Refrigerated Deli Products Division	-12.2	(2,314)
Total - Decrease in net sales	-6.7	(1,202)

The increase in net sales from continuing operations in fiscal 2015 was attributable to a significant high volume promotional program with a customer as well as higher sales on the Company's DSD route system. The increase in selling price per pound reflects a price increase across some products in the segment. Returns were lower than the prior year period. Promotional activity was higher than the prior year period due to the high volume promotion program mentioned above. At the end of fiscal 2014, we discontinued operation of our Refrigerated Deli Products Division and ceased refrigerated snack food product distribution because of continued net losses.

Cost of Products Sold and Gross Margin-Consolidated

Cost of products sold decreased by \$4,617 (22.5%) to \$15,869 in the third twelve-week period of the 2015 fiscal year compared to the same twelve-week period in fiscal year 2014. The reduction in cost of products sold primarily relates to lower costs for meat ingredients. Overhead spending decreased due to significant reductions in workers' compensation, facility repairs, overtime wages and lower utility costs. The Company's workers' compensation benefits cost decreased due to favorable trends in claims experience in the current fiscal year. In addition, workers' compensation benefits cost decreased by an additional \$145 due to a change in the accounting estimate to value future liabilities. The gross margin increased from 26.6% to 40.1%.

Change in Cost of Products Sold by Segment	\$	%	Commodity \$ (Decrease) Increase
Frozen Food Products Segment	(592)	-2.9	(173)
Snack Food Products Segment	(2,600)	-12.7	(562)
Continuing operations	(3,192)	-15.6	(735)
Discontinued Refrigerated Deli Products Division	(1,425)	-6.9	-
Total	(4,617)	-22.5	(735)

Cost of Products Sold-Frozen Food Products Segment

Cost of products sold in the Frozen Food Products segment decreased by \$592 (8.9%) to \$6,047 in the third twelve-week period of the 2015 fiscal year compared to the same twelve-week period in fiscal year 2014. Cost of products sold decreased due to lower sales volume and lower commodity costs. Overhead spending decreased due to significantly lower workers' compensation costs and lower utility costs. However, this favorable trend was partially off-set by lower overhead absorption. Lower sales volume and to a lesser extent lower flour commodity costs were the primary contributing factors to this decrease. The cost of purchased flour decreased approximately \$173 in the third twelve-week period of fiscal 2015 compared to the same twelve-week period in the prior year. The gross margin percentage increased from 34.2% to 38.7% in the third twelve-week period of fiscal year 2015 compared to the same twelve-week period in the prior fiscal year.

Cost of Products Sold-Snack Food Products Segment

Cost of products sold in the Snack Food Products segment decreased by \$4,060 (29.2%) to \$9,822 in the third twelve-week period of the 2015 fiscal year compared to the same twelve-week period in fiscal year 2014 due primarily to lower meat commodity costs. Overhead spending decreased due to a significant reduction in workers' compensation, facility repairs, over time wages and lower utility costs. The cost of significant meat commodities decreased approximately \$562 in the third twelve-week period of fiscal 2015 compared to the same period in the prior year. The gross margin earned in this segment increased from 22.3% to 40.9% in the third twelve-week period of fiscal year 2015 compared to the prior year primarily as a result of higher margin sales through the warehouse distribution channel.

Change in Cost of Products Sold by Division	\$	%	Commodity \$
			(Decrease) Increase
Snack Food Products Division	(2,600)	-22.3	(562)
Discontinued Refrigerated Deli Products Division (includes intersegment cost of product sold)	(1,460)	-6.9	-
Total	(4,060)	-29.2	(562)

Selling, General and Administrative Expenses-Consolidated

Selling, general and administrative ("SG&A") expenses decreased by \$1,189 (12.1%) to \$8,623 in the third twelve-week period of fiscal year 2015 compared to the same twelve-week period in the prior fiscal year. The table below summarizes the significant expense/gain increases/decreases included in this category:

	12 Weeks Ended		Expense Increase (Decrease)
	July 10, 2015	July 11, 2014	
Wages and bonus	\$ 3,693	\$ 3,061	\$ 632
Fuel	1,043	1,655	(612)
Product advertising	1,241	1,594	(353)
Workers' compensation	(153)	71	(224)
Outside consultants	232	402	(170)
Cash surrender value gain	(29)	(195)	166
Other SG&A	2,596	2,031	565
Continuing operations - SG&A	8,623	8,619	4
Discontinued Refrigerated Deli Products Division	-	1,193	(1,193)
Total	\$ 8,623	\$ 9,812	\$ (1,189)

Higher profits and profit sharing accruals resulted in increased wages and bonus in the third twelve weeks of the 2015 fiscal year compared to the same period in the prior year. The decrease in fuel expense was driven by per gallon fuel price decreases compared to the prior year as a result of lower trends in petroleum markets. Costs for product advertising decreased compared to the same twelve week period in fiscal 2014 mainly as a result of lower sales and spending trends in the Frozen Food Products segment during the third quarter of fiscal 2015. The Company's workers' compensation benefits cost decreased due to favorable trends in claims experience in the current fiscal year. In addition, workers' compensation benefits cost decreased by an additional \$86 due to a change in accounting estimate to value future liabilities. Outside consulting costs decreased due to lower custom programming and human resource software processing costs. The cash surrender value on life insurance policies decreased due to the change in the underlying equities that support them compared to the same twelve week period in fiscal 2014. None of the changes individually or as a group of expenses in "Other SG&A" were significant enough to merit separate disclosure. The major component comprising the increase of "Other SG&A" expenses was higher telephone and healthcare expenses.

Selling, General and Administrative Expenses-Frozen Food Products Segment

SG&A expenses in the Frozen Food Products segment decreased by \$287 (8.1%) to \$3,237 in the third twelve-week period of fiscal year 2015 compared to the same twelve-week period in the prior fiscal year. The overall decrease in SG&A expenses was mainly due to lower product advertising and lower workers' compensation costs as described above.

Selling, General and Administrative Expenses-Snack Food Products Segment

SG&A expenses in the Snack Food Products segment decreased by \$902 (14.3%) to \$5,386 in the third twelve-week period of fiscal year 2015 compared to the same twelve-week period in the prior fiscal year. Most of the decrease was due to the closure of the Refrigerated Deli Products Division at the end of fiscal 2014.

	12 Weeks Ended		Expense Increase (Decrease)
	July 10, 2015	July 11, 2014	
Snack Food Products Segment	\$ 5,386	\$ 5,095	\$ 291
Discontinued Refrigerated Deli Products Division	-	1,193	(1,193)
Total	\$ 5,386	\$ 6,288	\$ (902)

Income Taxes-Consolidated

Income tax for the twelve weeks ended July 10, 2015 and July 11, 2014, respectively, was as follows:

	July 10, 2015	July 11, 2014
Income tax provision	\$ 142	\$ -
Effective tax rate	7.1%	0.0%

We recorded a tax provision of \$142 for the twelve-week period ended July 10, 2015, related to federal and state taxes, based on the Company's expected annual effective tax rate.

The Company policy outlines measurable objective criteria that must be met before a release of the valuation allowance will occur. The three criteria set forth in the policy must all be satisfied before the valuation allowance can be reversed. The criteria are as follows: first, the Company's projected available federal tax net operating loss ("NOL") must be zero; second, the prior thirty-six month cumulative book basis pre-tax income (loss), after considering "one-time" events, is positive; and third, the Company considers its outlook of near term profitable operations and assesses any material negative and positive trends or events on the immediate horizon. As of July 10, 2015 the Company (1) has a projected federal tax NOL for fiscal 2015, (2) has positive thirty-six month cumulative book income and (3) there are current positive economic trends including higher operating profit for the Snack Food Products segment and lower commodity costs for meat. Only the second and third criterion have been satisfied, therefore, the Company will maintain a full valuation allowance against its deferred tax assets as of July 10, 2015.

Net Income (loss) -Consolidated

The net income of \$1,997 in the twelve weeks ended July 10, 2015 includes a non-taxable gain on life insurance policies in the amount of \$29. The net loss of \$2,383 in the twelve weeks ended July 11, 2014 includes a non-taxable gain on life insurance policies in the amount of \$195. Gains and losses on life insurance policies are dependent upon the performance of the underlying equities that support policy values and future results may vary considerably.

Results of Operations for the Thirty-six Weeks ended July 10, 2015 and July 11, 2014

Net Sales-Consolidated

Net sales decreased by \$3,728 (4.1%) to \$87,896 in the thirty-six week period of the 2015 fiscal year compared to the same thirty-six week period last year. The changes in net sales were comprised as follows:

Impact on Net Sales-Consolidated	%	\$
Selling price per pound	8.6	8,303
Unit sales volume in pounds	-8.5	(8,166)
Returns activity	1.7	1,636
Promotional activity	1.7	1,828
Continuing operations - Increase in net sales	3.5	3,601
Discontinued Refrigerated Deli Products Division	-7.6	(7,329)
Decrease in net sales	-4.1	(3,728)

The increase in net sales from continuing operations in fiscal 2015 was attributable to a significant high volume promotional program with a customer. Selling price per pound increased and was partially offset by a decrease in unit sales volume in pounds in the Snack Food Products segment as discussed in the segment analysis below. Returns decreased compared to the same period in fiscal 2014. Promotional activity was lower than the prior year period due to lower spending trends.

Net Sales-Frozen Food Products Segment

Net sales in the Frozen Food Products segment decreased by \$1,046 (3.0%) to \$34,082 in the thirty-six week period of the 2015 fiscal year compared to the same thirty-six week period last year. The changes in net sales were comprised as follows:

Impact on Net Sales-Frozen Food Products	%	\$
Selling price per pound	-0.0	(38)
Unit sales volume in pounds	-4.7	(1,863)
Returns activity	-0.1	(42)
Promotional activity	1.8	897
Decrease in net sales	<u>-3.0</u>	<u>(1,046)</u>

The decrease in net sales for the thirty-six weeks ended July 10, 2015 primarily relates to lower unit sales volume and selling prices per pound. Returns activity also increased. Lower promotional activity due to recent favorable spending trends compared to the same thirty-six week period in fiscal year 2014 helped mitigate the decline in net sales.

Net Sales-Snack Food Products Segment

Net sales in the Snack Food Products segment, decreased by \$2,682 (4.7%) to \$53,814 in the thirty-six week period of the 2015 fiscal year compared to the same thirty-six week period last year. The changes in net sales were comprised as follows:

Impact on Net Sales-Snack Food Products	%	\$
Selling price per pound	14.7	8,341
Unit sales volume in pounds	-11.1	(6,303)
Returns activity	2.8	1,678
Promotional activity	1.4	931
Continuing operations - Increase in net sales	7.8	4,647
Discontinued Refrigerated Deli Products Division	-12.5	(7,329)
Total - Decrease in net sales	<u>-4.7</u>	<u>(2,682)</u>

The increase in net sales from continuing operations in fiscal 2015 was attributable to higher selling prices per pound and significant high volume promotional programs with a customer. Returns and promotional activity were lower than the prior year period due to the program mentioned above. At the end of fiscal 2014, we discontinued operation of our Refrigerated Deli Products Division and ceased refrigerated snack food product distribution because of continued net losses. The reduction in sales from the discontinued operation offset the increase in sales from continuing operations.

Cost of Products Sold and Gross Margin-Consolidated

Cost of products sold decreased by \$7,610 (11.7%) to \$57,382 in the thirty-six week period of the 2015 fiscal year compared to the same thirty-six week period in fiscal year 2014 due primarily to a significant high volume promotional program with a customer. Overhead spending decreased due to a significant reduction in workers' compensation, facility repairs, overtime wages and lower utility costs. The Company's workers' compensation benefits cost decreased due to favorable trends in claims experience in the current fiscal year. In addition, workers' compensation benefits cost decreased by an additional \$233 due to a change in accounting method to estimate future liabilities. Significant increases in meat commodity costs year to date partially offset the decrease in cost of products sold as described in the segment analysis below. The gross margin increased from 29.1% to 34.7%.

Change in Cost of Products Sold by Segment	\$	%	Commodity \$
			(Decrease) Increase
Frozen Food Products Segment	(1,342)	-2.1	(301)
Snack Food Products Segment	(2,641)	-4.1	2,351
Continuing operations	(3,983)	-6.2	2,050
Discontinued Refrigerated Deli Products Division	(3,627)	-5.5	-
Total	(7,610)	-11.7	2,050

Cost of Products Sold-Frozen Food Products Segment

Cost of products sold in the Frozen Food Products segment decreased by \$1,342 (6.0%) to \$20,961 in the first thirty-six week period of the 2015 fiscal year compared to the same thirty-six week period in fiscal year 2014. Lower unit volume and to a lesser extent flour commodity costs were the primary contributing factors to this decrease. The cost of purchased flour decreased approximately \$301 in the thirty-six week period of fiscal 2015 compared to the same thirty-six week period in the prior year. The gross margin percentage increased from 36.5% to 38.5% in the first thirty-six week period of fiscal year 2015 compared to the same thirty-six week period in the prior fiscal year.

Cost of Products Sold-Snack Food Products Segment

Cost of products sold in the Snack Food Products segment decreased by \$6,638 (15.4%) to \$36,421 in the first thirty-six week period of the 2015 fiscal year compared to the same thirty-six week period in fiscal year 2014. Cost of products sold was significantly reduced due to lower pounds sold, lower workers' compensation costs and lower utility costs. The cost of significant meat commodities increased approximately \$2,351 in the thirty-six week period of fiscal 2015 compared to the same period in the prior year. The gross margin earned in this segment increased from 24.4% to 32.3% in the thirty-six week period of fiscal year 2015 compared to the prior year primarily as a result of a favorable change in product mix towards high margin product sales.

Change in Cost of Products Sold by Division	\$	%	Commodity \$
			(Decrease) Increase
Snack Food Products Division	(2,641)	-6.8	2,351
Discontinued Refrigerated Deli Products Division (includes intersegment cost of product sold)	(3,997)	-8.6	-
Total	(6,638)	-15.4	2,351

Selling, General and Administrative Expenses-Consolidated

Selling, general and administrative ("SG&A") expenses decreased by \$4,213 (14.0%) to \$25,848 in the first thirty-six week period of fiscal year 2015 compared to the same thirty-six week period in the prior fiscal year. The table below summarizes the significant expense/gain increases/decreases included in this category:

	36 weeks ended		Expense Increase (Decrease)
	July 10, 2015	July 11, 2014	
Wages and bonus	\$ 10,656	\$ 9,290	\$ 1,366
Product advertising	2,149	2,978	(829)
Workers' compensation	(111)	424	(535)
Fuel	1,043	1,490	(447)
Outside consultants	699	1,078	(379)
Cash surrender value	(165)	(410)	245
Other SG&A	11,577	11,641	(64)
Continuing operations - SG&A	25,848	26,491	(643)
Discontinued Refrigerated Deli Products Division	-	3,570	(3,570)
Total	\$ 25,848	\$ 30,061	\$ (4,213)

Higher profits and profit sharing accruals resulted in increased wages and bonus in the first thirty-six weeks of the 2015 fiscal year compared to the same period in the prior year. Costs for product advertising decreased compared to the same thirty-six week period in fiscal 2014 mainly as a result of lower sales and spending trends in the Frozen Food Products segment during the second and third quarters of fiscal 2015. The Company's workers' compensation benefits cost decreased due to a one-time gain of \$125 on closing out older policy years. In addition, workers' compensation benefits cost decreased by an additional \$137 due to a change in accounting estimate to value future liabilities. The decrease in fuel expense was driven by per gallon fuel price decreases compared to the prior year as a result of lower cost trends in petroleum markets. Outside consulting costs decreased due to lower custom programming and human resource software processing costs. The cash surrender value on life insurance policies decreased due to the change in the underlying equities that support them compared to the same twelve week period in fiscal 2014. The major components comprising the decrease of "Other SG&A" expenses were decreases in business travel.

Selling, General and Administrative Expenses-Frozen Food Products Segment

SG&A expenses in the Frozen Food Products segment decreased by \$1,311 (11.6%) to \$10,033 in the first thirty-six week period of fiscal year 2015 compared to the same thirty-six week period in the prior fiscal year. The overall decrease in SG&A expenses was mainly due to lower product advertising and lower workers' compensation costs as described above.

Selling, General and Administrative Expenses-Snack Food Products Segment

SG&A expenses in the Snack Food Products segment decreased by \$2,902 (15.5%) to \$15,815 in the thirty-six week period of fiscal year 2015 compared to the same thirty-six week period in the prior fiscal year. Most of the decrease was due to the closure of the Refrigerated Deli Products Division at the end of fiscal 2014.

	36 weeks ended		Expense Increase (Decrease)
	July 10, 2015	July 11, 2014	
Snack Food Products Segment	\$ 15,815	\$ 15,147	\$ 668
Discontinued Refrigerated Deli Products Division	-	3,570	(3,570)
Total	\$ 15,815	\$ 18,717	\$ (2,902)

Income Taxes-Consolidated

Income tax for the thirty-six week ended July 10, 2015 and July 11, 2014, respectively, was as follows:

	July 10, 2015	July 11, 2014
Income tax provision	\$ 142	\$ -
Effective tax rate	3.0%	0.0%

We recorded a tax provision of \$142 for the thirty-six week period ended July 10, 2015, related to federal and state taxes, based on the Company's expected annual effective tax rate.

The Company policy outlines measurable objective criteria that must be met before a release of the valuation allowance will occur. The three criteria set forth in the policy must all be satisfied before the valuation allowance can be reversed. The criteria are as follows: first, the Company's projected available federal tax net operating loss ("NOL") must be zero; second, the prior thirty-six month cumulative book basis pre-tax income (loss), after considering "one-time" events, is positive; and third, the Company considers its outlook of near term profitable operations and assesses any material negative and positive trends or events on the immediate horizon. As of July 10, 2015, the Company (1) has a projected federal tax NOL for fiscal 2015, (2) has positive thirty-six month cumulative book income and (3) there are current positive economic trends including higher operating profit for the Snack Food Products segment and lower commodity costs for meat. Only the second and third criterion have been satisfied, therefore, the Company will maintain a full valuation allowance against its deferred tax assets as of July 10, 2015.

Net Income (loss) -Consolidated

The net income of \$4,666 in the first thirty-six weeks ended July 10, 2015 includes a non-taxable gain on life insurance policies in the amount of \$165. The net loss of \$3,429 in the first thirty-six weeks ended July 11, 2014 includes a non-taxable gain on life insurance policies in the amount of \$410. Gains and losses on life insurance policies are dependent upon the performance of the underlying equities that support policy values and future results may vary considerably.

Liquidity and Capital Resources

The principal source of our operating cash flow is cash receipts from the sale of our products, net of costs to manufacture, store, market and deliver our products. Prior to August 2014, we had remained free of bank debt for the past twenty-six years and normally funded our operations from cash balances and cash flow generated from operations. Historically, we expect positive operating cash flows in the first quarter of our fiscal year from the liquidation of inventory and accounts receivable balances related to holiday season sales. Anticipated commodity price trends may affect future cash balances. However, certain commodities may be purchased in advance of our immediate needs to lower the ultimate cost of processing.

Cash flows from operating activities for the thirty-six weeks ended:

	July 10, 2015	July 11, 2014
Net income (loss)	\$ 4,524	\$ (3,429)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	2,095	1,772
Provision for losses on accounts receivable	20	64
Provision for promotional allowances	85	1,515
Gain on sale of property, plant and equipment	(122)	(79)
Changes in operating working capital	3,895	(4,015)
Net cash provided by (used in) operating activities	<u>\$ 10,497</u>	<u>\$ (4,172)</u>

For the thirty-six weeks ended July 10, 2015, net cash provided by operating activities was \$10,497, \$14,669 more cash provided than during the same period in fiscal 2014. Net cash provided by operating activities increased due to a liquidation of inventory of \$4,969 and net income of \$4,524. The significant liquidation of inventory related to shipments of product to satisfy large warehouse customer orders during the first and third quarters of fiscal 2015. During the thirty-six week period ended July 10, 2015 we funded \$556 towards our defined benefit pension plan. Plan funding strategies may be adjusted depending upon economic conditions, investment options, tax deductibility, or recent legislation changes in funding requirements. The Company did not borrow on the line of credit with Wells Fargo during the thirty-six weeks ended July 10, 2015.

Our cash conversion cycle (defined as days of inventory and trade receivables less days of trade payables outstanding) was equal to 58 days for the thirty-six week period ended July 10, 2015. The liquidation of finished goods inventories during the first quarter of fiscal 2015 during the holiday selling season contributed to the quick conversion cycle which was consistent with the prior year comparative quarter.

For the thirty-six weeks ended July 11, 2014, operating cash flows decreased due to a net loss of \$3,429 and payments for unprecedented increases in meat commodity costs. During the thirty-six week period ended July 11, 2014 we funded \$714 towards our defined benefit pension plan.

Cash used in investing activities for the thirty-six weeks ended:

	July 10, 2015	July 11, 2014
Proceeds from sale of property, plant and equipment	\$ 47	\$ 90
Additions to property, plant and equipment	(549)	(2,986)
Net cash used in investing activities	<u>\$ (502)</u>	<u>\$ (2,896)</u>

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

The table below highlights additions to property, plant and equipment for the thirty-six weeks ended:

	July 10, 2015	July 11, 2014
Changes in projects in process	\$ 110	\$ 1,741
Processing equipment	24	297
Direct store delivery vehicles	345	663
Building improvements	18	39
Packaging lines	11	183
Computer Software	6	6
Forklifts		47
Temperature control and product storage	-	10
Communication system	13	-
Salesman's vehicles	22	-
Additions to property, plant and equipment	<u>\$ 549</u>	<u>\$ 2,986</u>

Cash used in financing activities for the thirty-six weeks ended:

	July 10, 2015	July 11, 2014
Shares repurchased	\$ (204)	\$ (140)
Payment of capital lease obligations	(127)	(142)
Cash dividends paid	-	-
Net cash used in financing activities	<u>\$ (331)</u>	<u>\$ (282)</u>

Our stock repurchase program was approved by the Board of Directors in November 1999 and was expanded in June 2005. Under the stock repurchase program, we are authorized, at the discretion of management and the Board of Directors, to purchase up to an aggregate of 2,000,000 shares of our common stock on the open market. As of July 10, 2015, 132,966 shares were still authorized for repurchase under the program.

We invested in OTR (over-the-road) tractors during the third quarter of fiscal 2012 financed by a capital lease obligation in the amount of \$1,848. After reevaluating our fleet delivery needs, we returned five OTR tractors financed by the capital lease arrangement with a remaining liability of \$656 during the second quarter of fiscal 2015. The total capital lease obligation remaining as of July 10, 2015 is \$772. The capital lease arrangement replaced the long-standing month-to-month leases of transportation equipment.

We maintain a line of credit with Wells Fargo Bank, N.A. that expires on March 1, 2016. During the first quarter of fiscal 2015, we converted our line of credit to a revolving line of credit. Under the terms of this line of credit, we may borrow up to \$4,000 at an interest rate equal to the bank's prime rate or Libor plus 1.5%. The borrowing agreement contains various covenants, the more significant of which require us to maintain a minimum tangible net worth and a minimum net income after tax and total capital expenditures less than \$3,000. The Company was in compliance with all covenants as of July 10, 2015. There have been no borrowings under this line of credit during fiscal 2015.

The impact of inflation on the Company's financial position and results of operations has not been significant. Management is of the opinion that the Company's financial position and its capital resources are sufficient to provide for its operating needs and capital expenditures for remainder of fiscal 2015.

Recent Accounting Pronouncements

In April 2014, the FASB issued ASU 2014-08 Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. The guidance modified the definition of a discontinued operation to include disposals that qualify as a strategic shift that has or will have a major effect on an entity's operations and financial results. The guidance becomes effective for fiscal years and interim reporting periods beginning on or after December 14, 2014, with early adoption permitted. The Company does not expect this statement will have a material impact on its results of operations or financial position.

In May 2014, the FASB issued ASU 2014-09 Revenue from Contracts with Customers to supersede previous revenue recognition guidance under current U.S. GAAP. The guidance presents steps for comprehensive revenue recognition that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance becomes effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, with no early adoption permitted. The Company is currently evaluating this statement and its impact on its results of operations or financial position.

Off-Balance Sheet Arrangements

We are not engaged in any "off-balance sheet arrangements" within the meaning of Item 303(a)(4)(ii) of Regulation S-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable to smaller reporting company.

Item 4. Controls and Procedures

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

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

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

We maintain and evaluate a system of internal accounting controls, and a program of internal auditing designed to provide reasonable assurance that our assets are protected and that transactions are performed in accordance with proper authorization, and are properly recorded. This system of internal accounting controls is continually reviewed and modified in response to evolving business conditions and operations and to recommendations made by the independent registered public accounting firm. On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published Internal Control-Integrated Framework (2013) (the "2013 Framework") and related illustrative documents as an update to Internal Control-Integrated Framework (1992) (the "1992 Framework"). The Company has adopted the 2013 Framework this fiscal year and has determined that the 17 principles are present and functioning during our assessment of the effectiveness of internal controls. We have established a code of conduct. Our management believes that the accounting and internal control systems provide reasonable assurance that assets are safeguarded and financial information is reliable.

The Audit Committee of the Board of Directors meets regularly with our financial management and counsel, and with the independent registered public accounting firm engaged by us. Internal accounting controls and the quality of financial reporting are discussed during these meetings. The Audit Committee has discussed with the independent registered public accounting firm matters required to be discussed by the auditing standards adopted or established by the Public Company Accounting Oversight Board. In addition, the Audit Committee and the independent registered public accounting firm have discussed the independent registered public accounting firm's independence from the Company and its management, including the matters in the written disclosures required by Public Company Accounting Oversight Board Rule 3526 "Communicating with Audit Committees Concerning Independence".

There have been no changes in our internal controls over financial reporting that occurred during the fiscal quarter ended July 10, 2015 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II. Other Information

Item 1A. Risk Factors

The risk factors listed in Part I “Item 1A. Risk Factors” in the Annual Report on Form 10-K for the fiscal year ended October 31, 2014 should be considered with the information provided elsewhere in this Quarterly Report on Form 10-Q, which could materially adversely affect our business, financial condition or results of operations. There have been no material changes to the risk factors as previously disclosed in such Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We have not sold any equity securities during the period covered by this Report.

The following table provides information regarding repurchases by us of our common stock, for each of the three four-week periods included in the interim twelve week period ended July 10, 2015.

ISSUER PURCHASES OF EQUITY SECURITIES

Period (1)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 18, 2015 – May 15, 2015	814	\$ 8.07	814	141,818
May 16, 2015 – June 12, 2015	7,388	8.79	7,388	134,430
June 13, 2015 – July 10, 2015	1,464	10.00	1,464	132,966
Total	<u>9,666</u>	<u>\$ 8.92</u>	<u>9,666</u>	

- (1) The periods shown are the fiscal periods during the twelve-week quarter ended July 10, 2015.
- (2) All repurchases reflected in the foregoing table were made on the open market. Our stock repurchase program was approved by the Board of Directors in November 1999 (1,500,000 shares authorized, disclosed in a Form 10-K filed on January 26, 2000) and was expanded in June 2005 (500,000 additional shares authorized, disclosed in a press release and Form 8-K filed on June 17, 2005). Under the stock repurchase program, we are authorized, at the discretion of management and the Board of Directors, to purchase up to an aggregate of 2,000,000 shares of our common stock on the open market. Our Stock Purchase Plan (“Purchase Plan”) is administered by Citigroup Global Markets Inc. (“CGM”) for purchase of shares of common stock (“Stock”) issued by us in compliance with the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934 (“Exchange Act”). Commencing on October 15, 2014 and continuing through and including October 14, 2015, CGM shall act as our exclusive agent to purchase Stock under the Purchase Plan. This Purchase Plan supplements any purchases of stock by us “outside” of the Purchase Plan, which may occur from time to time, in open market transactions pursuant to Rule 10b-18 of the Exchange Act. The daily purchase quantity is defined as a number of shares up to, but not to exceed, each day’s applicable Rule 10b-18 maximum volume limit (i.e. 25% of the prior four calendar weeks’ average daily trading volume); however, once per week a block of stock may be purchased that exceeds the Rule 10b-18 average daily trading volume condition, provided that no other Purchase Plan purchases are made on any day on which such a block is purchased. As of July 10, 2015, the total maximum number of shares that may be purchased under the Purchase Plan is 132,966 at a purchase price not to exceed \$10.00 per share at a total maximum aggregate price (exclusive of commission) of \$1,329,660.

Item 6.

Exhibits

Exhibit No.	Description
31.1	Certification of Chairman of the Board (Principal Executive Officer), as required by Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer (Principal Financial and Accounting Officer), as required by Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chairman of the Board (Principal Executive Officer), as required by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer (Principal Financial and Accounting Officer), as required by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*

* The XBRL information is being furnished and not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any registration statement under the Securities Act of 1933, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRIDGFORD FOODS CORPORATION
(Registrant)

Dated: August 21, 2015

By: /s/ Raymond F. Lancy
Raymond F. Lancy
Chief Financial Officer
(Duly Authorized Officer, Principal Financial and Accounting Officer)

SECTION 302 CERTIFICATION

I, William L. Bridgford, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bridgford Foods Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 21, 2015

/s/ William L. Bridgford

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

SECTION 302 CERTIFICATION

I, Raymond F. Lancy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bridgford Foods Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 21, 2015

/s/ Raymond F. Lancy

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

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

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

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended July 10, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 21, 2015

/s/ William L. Bridgford

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

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

Exhibit 32.2

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

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

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended July 10, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 21, 2015

/s/ Raymond F. Lancy

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

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