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

FORM 10-K

|X| Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the Fiscal Year Ended January 2, 1999

or

|_| Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Commission File No. 1-9973

THE MIDDLEBY CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	36-3352497
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
2850 W. Golf Road, Suite 405, Rolling Meadows, Illinois	60008
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 847-758-3880

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

Securities registered pursuant to Section 12(g) of the Act:

Title of each class
Common stock,
par value $0.01 per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|.

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

The aggregate market value of the voting stock held by nonaffiliates of the Registrant as of March 26, 1999 was approximately $40,631,000. The number of shares outstanding of the Registrant's class of common stock, as of March 26, 1999, was 10,157,721 shares.

Documents Incorporated by Reference

Part III of Form 10-K incorporates by reference the Company's definitive proxy statement to be filed pursuant to Regulation 14A in connection with the 1999 annual meeting of stockholders.

JANUARY 2, 1999
FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

PART I

PART I

Item 1. Business

General

The Middleby Corporation ("Middleby" or the "Company"), through its operating subsidiary Middleby Marshall Inc. ("Middleby Marshall") and its subsidiaries, is a leader in the design, manufacture, marketing, distribution, and service of a broad line of cooking and warming equipment used in all types of foodservice operations, including quick-service restaurants, full-service restaurants, retail outlets, and hotels and other institutions. The Company's products include Middleby Marshall(R) and CTX(R) conveyor oven equipment, Southbend(R) ranges, convection ovens, heavy-duty cooking equipment and steam cooking equipment and Toastmaster(R) toasters and counterline cooking and warming equipment.

Founded in 1888 as a manufacturer of baking ovens, Middleby Marshall Oven Company was acquired in 1983 by TMC Industries Ltd., a publicly traded company that changed its name in 1985 to The Middleby Corporation. Throughout its history, the Company had been a leading innovator in the baking equipment industry and in the early 1980s positioned itself as a leading foodservice equipment manufacturer by introducing the conveyor oven that revolutionized the pizza market. In 1989, the Company became a broad line equipment manufacturer through the acquisition of the Foodservice Equipment Group of Hussmann Corporation, which included Southbend, Toastmaster and CTX. The Company initiated its international distribution and service strategy in 1990 by acquiring a controlling interest in Asbury Associates, Inc. ("Asbury"). In 1991, the Company established Middleby Philippines Corporation ("MPC") to provide modular foodservice equipment and custom kitchen fabrications to restaurant and hotel chains in the Pacific Rim and Middle Eastern markets.

The Company has identified, as a major area of growth, the rapidly growing international markets targeted by restaurant and hotel chains. To capture this market, Middleby established its own export management company, set up master distribution in international markets and began to distribute complementary products of other American and European equipment manufacturers. As the first company in its industry to take these initiatives, Middleby has positioned itself as a preferred foodservice equipment supplier to major chains expanding globally. Middleby's international network enables it to offer a total store package ("TSP") of kitchen equipment to be delivered virtually anywhere in the world, installed and serviced by Middleby. The Company believes that its TSP program provides it with a competitive marketing advantage and will enable it to develop significant new international business. The Company has delivered and installed equipment in over 100 countries throughout the world.

Business Divisions and Products

The Company conducts its business through three principal business divisions: Cooking Systems Group, International Distribution and International Specialty Equipment. The Cooking Systems Group includes the following major product groups: conveyor oven equipment marketed under the Middleby Marshall and CTX brands; core cooking equipment marketed under the Southbend brand; and counterline cooking equipment marketed under the Toastmaster brand. Internationally, the Company markets and supports its products through its International Distribution Division, which comprises the Middleby International division, a sales and marketing support operation for U.S.-based chains; Asbury Worldwide, an integrated distributor and exporter of foodservice equipment in the global marketplace; and Escan, a Canadian distribution company. The International Specialty Equipment Division consists of the Middleby Philippines Corporation, a supplier of modular foodservice equipment and custom kitchen fabrications in the Pacific Rim and Middle Eastern Markets. See Note 10 to the Consolidated Financial Statements for further information on the Company's business divisions.

Cooking Systems Group

The Company's domestic sales, distribution and manufacturing efforts have been merged to form the Middleby Cooking Systems Group. The division's primary operations are located in Elgin, Illinois and Fuquay-Varina, North Carolina. The division's principal product groups include:

Conveyor Oven Equipment Product Group - Middleby Marshall and CTX

The Middleby Marshall oven line is the world's conveyor cooking equipment leader. A brand of baking and cooking equipment since 1888, the Middleby Marshall name is renowned for quality and durability. Middleby Marshall ovens are used by a majority of the leading high-volume pizza chains, as well as by other restaurants and institutions. Middleby Marshall conveyor ovens utilize a patented process, Jet-Sweep air impingement, that forces heated air at high velocities through a system of nozzles above and below the food product which is placed on a moving conveyor belt. This process achieves faster baking times and greater consistency of bake than conventional ovens. The Company's CTX line of conveyor ovens utilizes patented infra-red cooking and precision control technology for more specialized, lower volume applications. CTX conveyor ovens are sold to restaurants and pizza outlets and offer such additional features as a programmable time and temperature control as well as a self-cleaning function. Conveyor oven products range in price from approximately $5,000 to $30,000 per unit (or as much as $90,000 for a multiple unit system) and are predominately assembled to order and purchased directly by end-users (who order units customized for their operations) rather than through dealers.

Core Cooking Equipment Product Group - Southbend

In the market for 100 years, Southbend products, mainly heavy-duty, gas-fired equipment, include ranges, convection ovens, broilers, fryers, griddles, steamers and steam cooking equipment (marketed under the Steam Master brand). Southbend products are offered as standardized equipment for general use in restaurants and institutions, and also are made to specification for use by the professional chef. Southbend is known for its innovative product features and premier cooking line. Its 40,000 BTU Pyromax(R) range doubled the industry standard for BTU's when it was introduced in 1996. Southbend's Marathoner Gold(R) convection oven has been judged by a leading industry publication to be the best baking convection oven on the market today. The newly-introduced Southbend Simple Steam steamer is the industry's lowest maintenance and lowest water usage pressureless steamer, and was awarded the 1998 Product Design of the Year by the Electric Foodservice Council. Core cooking equipment products range in price from $1,000 to $10,000 (or as much as $60,000 for a complete line-up of modular equipment) and are predominantly purchased by dealers on an order-by-order basis.

Counterline Cooking Equipment Product Group - Toastmaster

Toastmaster counterline cooking equipment products are predominantly light and medium-duty electric equipment, including pop-up and conveyor toasters, hot food servers, foodwarmers, griddles, fryers, convection ovens and ranges. A leading equipment brand since 1917, Toastmaster has been voted the number one toaster product for seventeen consecutive years in the Annual Industry Leaders survey by ID magazine. As a major supplier to global restaurant chains, Toastmaster is able to customize products to fit a chain's particular needs. Toastmaster products are designed with energy saving features and food safety technologies. Counterline cooking equipment products range in price from $300 to $10,000 per unit and are predominately purchased from stock by dealers.

The Company does not produce consumer products under the Toastmaster name, as an unaffiliated company, Toastmaster, Inc., owns the rights to the brand name for consumer markets.

International Specialty Equipment Division - Middleby Philippines Corporation

Founded in 1991, Middleby Philippines Corporation engineers, manufactures and installs modular foodservice equipment and custom kitchen fabrications used primarily in conjunction with standard equipment manufactured in the U.S. to provide a complete kitchen installation. Principal products include serving stations, work tables, undercounter refrigeration systems, ventilation systems, cabinets and shelving. Customers are primarily Pacific Rim and Middle Eastern operations of major U.S. and international foodservice chains and hotels. MPC has been a supplier of kitchen fabrication for McDonald's in certain markets since 1992. Sales are primarily made on an order-by-order project basis. MPC's manufacturing and assembly operations are located in a modern 54,000 square foot facility outside of Manila.

International Distribution Division - Middleby International, Asbury Worldwide and Escan

The International Distribution division provides integrated export management and distribution services. The division sells the Company's product lines and certain non-competing complementary product lines of other American and European manufacturers throughout the world. The Company offers customers a complete package of kitchen equipment, delivered and installed in over 100 countries. For a local country distributor or dealer, the division provides centralized sourcing of a broad line of equipment with complete export management services, including export documentation, freight forwarding, equipment warehousing and consolidation, installation, warranty service and parts support. In an effort to reduce the cost structure and streamline the order fulfillment process, the operations of Asbury were decentralized during the third quarter 1998 from a processing center based in Florida to international-based regional centers for Asia, Europe and Latin America. The regional centers are supported by sales and distribution offices located in China, France, Japan, Korea, Mexico, the Philippines, Spain and Taiwan.

The Customers and Market

The Company's products are sold primarily through independent dealers and distributors to end-user customers, including quick-service restaurants, full-service restaurants, retail outlets such as supermarkets and convenience stores, and private and public institutions, such as hotels, resorts, schools, hospitals, long-term care facilities, correctional facilities, stadiums, airports, corporate cafeterias, military facilities and government agencies. Many of the dealers in the U.S. belong to buying groups that negotiate sales terms with the Company. Certain large restaurant and hotel chain customers have purchasing organizations that manage product procurement for their systems. The Company's ten largest customers accounted for approximately 30% of net sales in 1998, with no single customer accounting for more than 10% of 1998 net sales.

During the past several decades, growth in the U.S. foodservice industry has been driven primarily by population growth, economic growth and demographic changes, including the emergence of families with multiple wage-earners and growth in the number of higher-income households. These factors have led to a demand for convenience and speed in food preparation and consumption. Eating-out and carry-out continue to be on an upward trend in the U.S., although at a slower rate than during the 1970s and 1980s. A strong U.S. economy and low interest rates have led to increased industry growth rates during the last few years. In 1998, the U.S. foodservice industry grew at a rate of 2.8% in real dollars, the fastest rate since 1988.

The quick-service restaurant segment is the largest category within the foodservice industry and has been the fastest growing segment since the mid '80's. However, the quick-service restaurants today face a mature U.S. market place, and, consequently, the segment's real growth rates are expected to slow slightly from 2.5% in 1998. The full- service restaurant segment grew an estimated 3.5% in real dollar terms in 1998 and 2.5%

in units. This segment has seen increasing chain penetration in recent years, particularly in upscale segments, driven by the aging of the Baby Boom generation.

The foodservice equipment industry has grown in response to the primary growth factors of the foodservice industry. After high growth in the early- and mid-1980s, growth in the foodservice equipment industry entered a slow period from 1988 through 1991, due to a general decline in the worldwide economy and the maturation of the domestic foodservice industry. Since 1992, the industry has enjoyed steady growth in the United States due to the development of new quick- service and casual-theme restaurant chain concepts, the expansion into nontraditional locations by quick-service restaurants and store equipment modernization. In the international markets, foodservice equipment manufacturers had been experiencing stronger growth than the U.S. market due to rapidly expanding international economies and increased opportunity for expansion by U.S. chains into developing regions. In 1997, the Top 100 restaurant chains built more new units outside the U.S. than inside, for the first time, according to Technomic Inc., a leading foodservice research firm. However, the financial crisis in Asia, where as much as 50% of some chain's development was concentrated, and the effect on other emerging economies, severely curtailed growth internationally in 1998.

In 1998, the foodservice equipment industry in the U.S. had total sales of approximately $6.9 billion. The Company's manufactured products compete primarily in the cooking and warming equipment category, which had sales in the U.S. of approximately $1.2 billion in 1998 and is expected to grow 4.8% in real dollar terms in 1999, according to Foodservice Equipment Reports, a leading industry publication. Management believes that the broader international equipment market the Company serves had 1998 sales of approximately $10 billion. The near term outlook for international markets remains uncertain pending the recovery of Asian economies.

The Company believes that continuing growth in demand for foodservice equipment will result from the development of new restaurant units due to a strong U.S. economy and low costs of financing, the expansion of U.S. chains into international markets and the replacement and upgrade of existing equipment.

The backlog of orders was $12,195,000 at January 2, 1999, all of which is expected to be filled during 1999. The Company's backlog was $11,625,000 at January 3, 1998. The backlog is not necessarily indicative of the level of business expected for the year, as there is generally a short time between order receipt and shipment for the majority of the Company's products.

Marketing and Distribution

Middleby's products and services are marketed in the U.S. and in over 100 countries through a combination of the Company's sales personnel and international marketing divisions and subsidiaries, together with an extensive network of independent dealers, distributors, consultants, sales representatives and agents. The Company's relationships with major restaurant chains are primarily handled through an integrated effort of top-level executive and sales management at the corporate and business division levels to best serve each customer's needs.

Each of the Company's business divisions is responsible for the marketing of its products and services, under the direction of the division's President, Sales Manager and supporting personnel. Each business division manages its own sales, promotion and marketing programs with coordination and support provided by corporate sales and marketing functions.

In the United States, each business or sales division distributes its products to independent end-users through a network of approximately 400 to 1,000 non-exclusive dealers nationwide, who are supported by over 200 manufacturers' marketing representatives. Sales are made direct to certain large restaurant chains who have established their own procurement and distribution organization for their franchise system.

International sales are primarily made through the International Distribution Division network to independent local country stocking and servicing distributors and dealers and, at times, directly to major chains, hotels and other large end-users by the Company-owned distribution companies.

Services and Product Warranty

The Company is an industry leader in equipment installation programs and after-sales support and service. The emphasis on global service increases the likelihood of repeat business and enhances Middleby's image as a partner and provider of quality products and services. It is critical to major foodservice chains that equipment providers be capable of supporting equipment on a worldwide basis.

The Company's domestic service network consists of over 80 authorized service parts distributors and 2,500 independent certified technicians that have been formally trained and certified by the Company through its factory training school and on-site installation training programs. The service network is separate from the sales network to ensure that technicians remain focused on service issues rather than new business. Technicians work through service parts distributors, which are required to provide around-the-clock service via a toll-free paging number. The Company provides substantial technical support at each factory to the technicians in the field through factory-based technical service engineers. The Company has stringent parts stocking requirements for these agencies, leading to an exceptionally high first-call completion rate for service and warranty repairs.

Middleby's international service network consists of distributors in over 100 countries with approximately 3,000 independent service technicians trained in the installation and service of the Company's products and supported by twelve internationally-based service managers along with the factory-based technical service engineers. As with its domestic service network, the Company maintains stringent parts stocking requirements for its international distributors.

Competition

The cooking and warming segment of the foodservice equipment industry is highly competitive and fragmented. Within a given product line, the industry remains fairly concentrated, with typically a small number of competitors accounting for the bulk of the line's industry-wide sales. Industry competition includes companies that manufacture a broad line of products and those that specialize in a particular product line. Competition in the industry is based upon many factors, including brand recognition, product features and design, quality, price, delivery lead times, serviceability and after-sale service. The Company believes that its ability to compete depends on strong brand equity, exceptional product performance, short lead-times and timely delivery, competitive pricing, superior customer service support and its unique TSP capability. Management believes that the demand for its labor saving, multi-functional and energy efficient equipment will increase, driven by quick-service and full-service chains that face labor supply issues, space limitations and increasing operating costs.

In the international markets, the Company competes with U.S. manufacturers and numerous global and local competitors. Management believes that the Company's integrated international export management and distribution capabilities uniquely position it to provide value-added services to U.S. and internationally-based chains, as well as to local country distributors offering a complete line of kitchen equipment.

The Company believes that it is among the largest multiple-line manufacturers of cooking and warming equipment in the U.S. and worldwide, although some of its competitors are units of operations that are larger than the Company and possess greater financial and personnel resources. Among the Company's major U.S. competitors are certain subsidiaries and divisions of Welbilt Corporation, a subsidiary of Berisford plc; G.S. Blodgett Corp., a subsidiary of Maytag Corporation; Hobart Corporation and Vulcan-Hart Corporation, both subsidiaries of Premark International, Inc.; and Wells Manufacturing Company, a subsidiary of Specialty Equipment Companies, Inc. Major international-based competitors include Zanussi, a subsidiary of Electrolux AB, and Ali Group.

Manufacturing and Quality Control

The Company operates two domestic and one international manufacturing facilities. The Company's conveyor oven and counterline cooking equipment products are manufactured in Elgin, Illinois and its core cooking equipment products are manufactured in Fuquay-Varina, North Carolina. Middleby's international specialty cooking equipment operation is located in Laguna, the Philippines. Metal fabrication, finishing, sub-assembly and assembly operations are conducted at each manufacturing facility. Equipment installed at individual manufacturing facilities includes numerically controlled turret presses and machine centers, shears, press brakes, welding equipment, polishing equipment, CAD/CAM systems and product testing and quality assurance measurement devices. The Company's state-of-the-art CAD/CAM systems enable virtual electronic prototypes to be created, reviewed and refined before the first physical prototype is built.

Detailed manufacturing drawings are quickly and accurately derived from the model and passed electronically to manufacturing for programming and optimal parts nesting on various numerically controlled punching cells. The Company believes that this integrated product development and manufacturing process is critical to assuring product performance, customer service and competitive pricing.

The Company has established comprehensive programs to ensure the quality of products, to analyze potential product failures and to certify vendors for continuous improvement. Every product manufactured or licensed by the Company is individually tested prior to shipment to ensure compliance with Company standards.

The Company has implemented programs to reduce costs and improve operating efficiencies. In some cases, new capital equipment has been acquired to increase automation and productivity. Recently, Middleby has implemented, or is in the process of implementing, new or upgraded management information systems at each of its major operating units. These systems are Year 2000 compliant.

Sources of Supply

The Company purchases its raw materials and component parts from a number of suppliers. The majority of the Company's material purchases are standard commodity-type materials, such as stainless steel, electrical components, hardware and various components. These materials and parts generally are available in adequate quantities from numerous suppliers. Some component parts are obtained from sole sources of supply. In such instances, management believes it can substitute other suppliers as required. The majority of fabrication is done internally through the use of automated equipment. Certain equipment and accessories are manufactured by other suppliers for sale by the Company. The Company believes it enjoys good relationships with its suppliers and considers the present sources of supply to be adequate for its present and anticipated future requirements.

Licenses, Patents, and Trademarks

Middleby Marshall has an exclusive license from Enersyst Development Center L.L.C. ("Enersyst") to manufacture, use and sell Jetsweep air impingement ovens in the U.S. for commercial food applications in which the interior length or width of a rectangular cooking area, or in which the diameter of a circular cooking area, equals or exceeds 36 inches. The Enersyst license covers numerous existing patents and provides further exclusive and non-exclusive license rights to existing and future developed technology. Middleby Marshall also holds an exclusive sublicense from Lincoln Foodservice Products, Inc. ("Lincoln"), a subsidiary of Welbilt Corporation, to manufacture, use and sell throughout the world, other than in the U.S. and Japan, air impingement ovens of the above-described dimensions for commercial food applications. This sublicense covers the foreign analogues of the patents covered by the Enersyst license and grants Middleby Marshall rights of first refusal for a similar

sublicense in Japan. The Enersyst license expires the later of the expiration of the last of the licensed patents or September 30, 2008. The Lincoln sublicense expire upon the expiration of the last patented improvement covered by the license. While the loss of the Enersyst license or the Lincoln sublicense could have an adverse effect on the Company, management believes it is capable of designing, manufacturing and selling similar equipment, although not as technologically advanced. Lincoln and Fuji Chubo Setsubi Company, Ltd. are the only other foodservice equipment manufacturers licensed under the Enersyst patents.

The Company holds numerous patents covering technology and applications related to various products, equipment and systems. Management believes the expiration of any one of these patents would not have a material adverse effect on the overall operations or profitability of the Company.

The Company owns numerous trademarks and trade names; among them, CTX(R), Middleby Marshall(R), Southbend(R) and Toastmaster(R) are registered with the U.S. Patent and Trademark Office and in various foreign countries.

Employees

As of January 2, 1999, the Company employed 994 persons. Of this amount, 378 were management, administrative, sales, engineering and supervisory personnel; 366 were hourly production non-union workers; and 250 were hourly production union members. Included in these totals were 356 individuals employed outside of the United States, of which 172 were management, sales, administrative and engineering personnel, and 184 were hourly production workers, who participate in an employee cooperative. At its Elgin, Illinois facility, the Company has a union contract with the International Brotherhood of Teamsters that expires on May 1, 2002. Management believes that the relationships between employees, union and management are good.

Item 2. Properties

The Company's principal executive offices are located in Rolling Meadows, Illinois. The Company operates two manufacturing facilities in the U.S. and one manufacturing facility in the Philippines.

The principal properties of the Company are listed below:

Location	Business Divisions	Principal Function	Square Footage	Owned/ Leased
Elgin, IL	Cooking Systems Group	Manufacturing, Warehousing and Offices	207,000	Owned
		Warehousing	42,000	Leased(1)
Fuquay-Varina, NC	Cooking Systems Group	Manufacturing, Warehousing and Offices	131,000	Owned
Miramar, FL	International Distribution	Warehousing and Offices	18,000	Leased(2)
Laguna, the Philippines	International Specialty Equipment	Manufacturing, Warehousing and Offices	54,000	Owned
Rolling Meadows, IL	The Middleby Corporation	Corporate Headquarters	4,000	Leased(3)

- -----------

(1) Lease expires in August 1999, with payments of approximately $17,000 per month.

(2) Lease expires in October 2002, with payments of approximately $12,000 per month.

(3) Lease expires in July 2002, with payments of approximately $9,000 per month.

At various other locations the Company leases small amounts of office space for administrative and sales functions, and in certain instances limited short-term inventory storage. These locations are in Canada, France, Japan, Korea, Mexico, Philippines, Spain, and Taiwan.

Management believes that these facilities are adequate for the operation of the Company's business as presently conducted.

Item 3. Legal Proceedings

The Company is routinely involved in litigation incidental to its business, including product liability actions which are generally covered by insurance. Such routine claims are vigorously contested and management does not believe that the outcome of any such pending litigation will have a material adverse effect upon the financial condition of the Company.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the security holders in the fourth quarter of the year ended January 2, 1999.

Item 4A. Executive Officers of the Registrant

Name	Age	Principal Occupation and Principal Position and Office with the Company
William F. Whitman, Jr.	59	Chairman of the Board of the Company and Middleby Marshall
David P. Riley	52	President and Chief Executive Officer of the Company and Middleby Marshall
John J. Hastings	43	Executive Vice President, Chief Financial Officer, Secretary and Treasurer of the Company and Middleby Marshall

The officers of the Company are elected annually by the Board of Directors, hold office until their successors are chosen and qualify, and may be removed by the Board of Directors at any time, at a duly convened meeting of the Board of Directors or by written consent. The Company has employment agreements with Messrs. Whitman and Riley. Laura B. Whitman, a director of the Company, is the daughter of Mr. Whitman.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's Common Stock trades on the Nasdaq National Market System under the symbol "MIDD". The following table sets forth, for the periods indicated, the high and low closing sale prices per share of Common Stock, as reported by the Nasdaq National Market System.

	Closing Share Price High	Low
Fiscal 1998		
First quarter	8.063	6.625
Second quarter	8.375	6.000
Third quarter	6.438	3.875
Fourth quarter	4.188	3.125
Fiscal 1997		
First quarter	8.625	6.125
Second quarter	10.125	7.125
Third quarter	10.000	8.625
Fourth quarter	11.875	7.813

In December 1997, the Company completed a public stock offering. The offering totaled 3,001,500 shares of which the Company sold 2,391,500 shares and 610,000 shares were sold by selling stockholders. Net proceeds to the Company totaled approximately $22.1 million and were used to repay certain indebtedness. As of January 2, 1999, the Company estimates there were approximately 2,200 beneficial owners of the Company's common stock.

In July 1998, the Company's Board of Directors adopted a stock repurchase program and subsequently authorized the purchase of up to 1,800,000 common shares in open market purchases. As of January 2, 1999, 838,000 shares had been repurchased for $3.3 million.

The Company has not declared or paid cash dividends on its Common Stock since 1991. The Company's current financing agreements limit the paying of dividends.

During the fiscal year ended January 2, 1999, the Company issued an aggregate of 29,300 shares of the Company's common stock to current and former employees and directors, pursuant to the exercise of stock options, for an aggregate consideration of approximately $88,500. Such options were granted under the Company's Amended and Restated 1989 Stock Incentive Plan and had exercise prices ranging between a maximum of $7.38 and a minimum of $1.38. The issuance of such shares was exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof, as transactions by an issuer not involving a public offering.

PART II

Item 6. Selected Financial Data

(dollars in thousands, except per share data)
Fiscal Year Ended (1)

	1998	1997	1996	1995	1994
Income Statement Data:					
Net sales	$ 132,320	$ 148,253	$ 124,765	$ 106,348	$ 94,158
Cost of sales	96,082	102,523	87,330	73,841	65,594
Gross profit	36,238	45,730	37,435	32,507	28,564
Selling and distribution expenses	20,817	22,150	18,319	15,385	13,398
General and administrative expenses	12,304	10,689	10,439	9,326	8,573
Non-recurring expenses	3,457	--	--	900	--
Income (loss) from operations	(340)	12,891	8,677	6,896	6,593
Interest expense and deferred financing amortization, net	2,916	4,136	4,351	4,327	3,262
Other expense (income), net	939	413	(146)	(36)	482
Earnings (loss) before income taxes	(4,195)	8,342	4,472	2,605	2,849
Provision (benefit) for income taxes	(211)	2,538	1,389	(140)	614
Net earnings (loss) from continuing operations	(3,984)	5,804	3,083	2,745	2,235
Discontinued operations, net of income tax	--	(564)	(2,610)	419	505
Net earnings (loss)	$ (3,984)	$ 5,240	$ 473	$ 3,164	$ 2,740
Basic earnings (loss) per share:					
Continuing operations	$ (0.37)	$ 0.65	$ 0.37	$ 0.32	$ 0.27
Discontinued operations	0.00	(0.06)	(0.31)	0.05	0.06
Net earnings per share	$ (0.37)	$ 0.59	$ 0.06	$ 0.37	$ 0.33
Weighted average number of shares outstanding	10,761,000	8,863,000	8,415,000	8,584,000	8,378,000
Diluted earnings (loss) per share:					
Continuing operations	$ (0.37)	$ 0.64	$ 0.35	$ 0.31	$ 0.26
Discontinued operations	0.00	(0.06)	(0.30)	0.05	0.06
Net earnings per share	$ (0.37)	$ 0.58	$ 0.05	$ 0.36	$ 0.32
Weighted average number of shares outstanding	10,872,000	9,104,000	8,666,000	8,678,000	8,434,000
Balance Sheet Data:					
Working capital	$ 30,609	$ 38,790	$ 25,046	$ 28,746	$ 23,254
Total assets	96,591	103,636	85,685	85,211	76,700
Total debt	27,825	27,913	41,268	43,028	44,472
Stockholders' equity	44,734	52,333	22,167	21,778	14,657

(1) The Company's fiscal year ends on the Saturday nearest to December 31.

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

Informational Note

This report contains forward-looking statements subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. The Company cautions readers that these projections are based upon future results or events and are highly dependent upon a variety of important factors which could cause such results or events to differ materially from any forward-looking statements which may be deemed to have been made in this report, or which are otherwise made by or on behalf of the Company. Such factors include, but are not limited to, changing market conditions; the availability and cost of raw materials; the impact of competitive products and pricing; the timely development and market acceptance of the Company's products; foreign exchange and political risks affecting international sales, in particular any continued weakness in Asian economies; and other risks detailed herein and from time-to-time in the Company's Securities and Exchange Commission filings, including those discussed under "Risk Factors" in the Company's Registration Statement on Form S-2 (Reg

No. 333-35397).

NET SALES SUMMARY
(dollars in thousands)

	Fiscal Year Ended(1)					
	1998		1997		1996	
	Sales	Percent	Sales	Percent	Sales	Percent
Business Divisions:						
Conveyor oven equipment	$ 45,605	34.5	$ 53,948	36.4	$ 41,216	33.0
Counterline cooking equipment	16,270	12.3	16,527	11.1	19,635	15.8
Core cooking equipment	39,348	29.7	34,282	23.1	29,617	23.7
Cooking Systems Group	101,223	76.5	104,757	70.6	90,468	72.5
International Specialty Equipment Division	5,239	4.0	7,627	5.1	6,552	5.3
International Distribution Division(2)	39,096	29.5	47,668	32.2	39,722	31.8
Total international divisions	44,335	33.5	55,295	37.3	46,274	37.1
Intercompany sales(3)	(14,678)	(11.1)	(16,216)	(10.9)	(13,394)	(10.7)
Other	1,440	1.1	4,417	3.0	1,417	1.1
Total	$ 132,320	100.0%	$ 148,253	100.0%	$ 124,765	100.0%

(1) The Company's fiscal year ends on the Saturday nearest to December 31.

(2) Consists of sales of products manufactured by Middleby and products manufactured by third parties.

(3) Consists of sales to the Company's International Distribution Division from the Company's other business divisions.

Results of Operations

The following table sets forth certain consolidated statement of income items as a percentage of net sales for the periods presented:

	Fiscal Year Ended(1)		
	1998	1997	1996
Net sales	100.0%	100.0%	100.0%
Cost of sales	72.6	69.2	70.0
Gross profit	27.4	30.8	30.0
Selling, general and administrative expenses	24.9	22.1	23.0
Non-recurring expense	2.6	--	--
(Loss) income from operations	(0.1)	8.7	7.0
Interest expense and deferred financing amortization, net	2.2	2.8	3.5
Other expense (income), net	0.7	0.3	(0.1)

(Loss) earnings before income taxes	(3.0)	5.6	3.6
Provision (benefit) for income taxes	0.0	1.7	1.1
(Loss) earnings from continuing operations	(3.0)	3.9	2.5

(1) The Company's fiscal year ends on the Saturday nearest to December 31.

Fiscal Year Ended January 2, 1999 as Compared to January 3, 1998

Net Sales. Net sales in fiscal 1998 decreased 10.7%, from $148.3 million in fiscal 1997 to $132.3 million in fiscal 1998. Sales were impacted by economic conditions in international markets and lower orders from certain major restaurant chain customers.

Sales of the Cooking Systems Group decreased by 3.4%, from $104.8 million in fiscal 1997 to $101.2 million in fiscal 1998. The decrease was attributable to reduced sales of conveyor oven equipment which declined by 15.5%, resulting from decreased demand from a certain major restaurant chain, decreased sales into international markets affected by economic conditions, and the impact of a $5.2 million non-recurring service and parts order in 1997. This decrease was partially offset by a 14.8% increase in sales of core cooking equipment, attributable to continued market penetration and new product offerings. Counterline cooking equipment sales remained constant with the prior year.

Sales of the international divisions declined by 19.8%, from $55.3 million in fiscal 1997 to $44.3 million in fiscal 1998. Sales of the International Specialty Equipment Division declined 31.3%. This decline resulted from delayed expansion plans by U.S. quick-service restaurant concepts into the Asia markets in addition to decreased hotel

and resort development. Net sales of the International Distribution Division declined by 18.0%, as significantly lower sales in the troubled Asian and Middle East markets were partly offset by increased sales in Mexico. A 33.0% increase in sales in Latin America was more than offset by 41.9% and 18.1% decreases in sales in the Asia and Europe/Middle East regions, respectively.

Gross profit. Gross profit decreased 20.8%, from $45.7 million in fiscal 1997 to $36.2 million in fiscal 1998. As a percentage of sales, gross margins decreased from 30.8% in fiscal 1997 to 27.4% in fiscal 1998. The reduction in margin percentage reflects the adverse impacts of reduced production efficiencies at the Cooking Systems Group and International Specialty Equipment Division resulting from lower volume and erratic customer demands throughout the year. Product warranty costs increased from the prior year for one-time issues associated with new product introductions and modifications. Gross margins at the international divisions were affected by fluctuating foreign currencies which had an unfavorable impact on pricing in international markets. In addition, gross profit was impacted by the liquidation and write-down of slow-moving inventories, including those in international markets affected by the economic conditions.

Selling, general and administrative expenses. Selling, general and administrative expenses increased .9%, from $32.8 million in fiscal 1997 to $33.1 million in fiscal 1998. Operating expenses at the Cooking Systems Group were constant with lower selling expenses for the conveyor oven product group offset by increased selling expenses for the core cooking equipment product group. Operating expenses at the International Distribution Division increased slightly as compared to the prior year due to the full year effect of expenses associated with sales and distribution offices established during the second quarter of 1997. Additionally, the International Distribution Division incurred expense associated with efforts to reduce costs and decentralize operations from the U.S. to international-based regional centers. The increase in expense was offset in part by the cost savings of these actions realized during the fourth quarter of 1998.

Non-recurring expenses. Non-recurring expenses of $3.4 million were recorded during the third and fourth quarter of 1998. This amount is comprised of $1.3 million associated with the abandonment of an enterprise-wide resource planning system, $.2 million for restructuring actions related to the International Distribution Division, and $1.9 million associated with costs resulting from the discontinuation of distribution activities for all non-manufactured products by the Cooking Systems Group and the exit of a manufactured product line not consistent with the Company's cooking and warming equipment strategy.

Income from operations. Income from operations decreased from $12.9 million in fiscal 1997 to a loss of $.3 million in 1998, primarily due to lower sales volumes, reduced margins and the effect of non-recurring expenses and other one-time items.

Non-operating expenses. Non-operating expenses decreased by 15.3%, from $4.5 million in fiscal 1997 to $3.9 million in fiscal 1998. Net interest expense declined by $1.2 million as a result of the lower outstanding debt balances during the year. The Company utilized proceeds from the 1997 stock offering to repay amounts due under revolving credit facilities.

Income taxes. The Company recorded a net tax benefit of $.2 million at an effective rate of 5.0%. The net tax benefit reflects an adjustment to the valuation allowance of $.9 million associated with tax credits which are more likely than not to expire unutilized, in addition to the impact of losses at certain foreign operations with no recorded benefit.

Fiscal Year Ended January 3, 1998 as Compared to December 28, 1996

Net sales. Net sales in fiscal 1997 increased $23.5 million, or 19.0%, to $148.3 million as compared to $124.8 million in fiscal 1996, reflecting unit volume increases.

Sales of the Cooking Systems Group increased 15.8% from $90.5 million in fiscal 1996 to $104.8 million in fiscal 1997. Sales growth was led by a 31.0% sales increase of conveyor oven equipment due to increased new restaurant expansion and replacement of equipment by several major chains. Additionally, during the first half of 1997 the division benefited from an oven upgrade program for a major chain, which resulted in parts and service sales of $5.2 million. Sales of core cooking equipment increased 15.8% over the prior year due to market share penetration and the introduction of new products. Sales of counterline cooking equipment decreased 16.0% primarily due to increased competition and competitive pricing pressures.

Sales of the international divisions increased by 19.5% from $46.3 million in fiscal 1996 to $55.3 million in fiscal 1997. Sales of the Company's International Specialty Equipment Division increased 16.4% over the prior year due to the increased capacity provided by its 54,000 square foot facility in the Philippines, which opened in mid-1996. Sales of the Company's International Distribution Division increased 20.0% over the prior year, reflecting increased sales activity at the Company's new sales and distribution offices and improving economies in Europe and Latin America. Sales in the Asian markets in 1997 amounted to 17.4% of total sales. Company sales in this region slowed during the fourth quarter due to the currency volatility and economic instability in the region.

Gross profit. Gross profit increased $8.3 million, or 22.2%, to $45.7 million in fiscal 1997 as compared to $37.4 million in fiscal 1996. As a percentage of net sales, gross profit margin increased to 30.8% in 1997 as compared to 30.0% in 1996. The increase in gross profit margin was attributable to increased sales of manufactured products, improved production efficiencies at the new Philippines manufacturing facility and the elimination of expenses associated with the trial field service program that was terminated during 1996.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $4.1 million, or 14.2%, to $32.8 million in fiscal 1997 from $28.8 million in fiscal 1996, largely due to the increased sales and additional support for the Company's expanding international operations. As a percentage of net sales, expenses decreased to 22.1% from 23.0% in fiscal 1996.

Income from operations. Income from operations increased $4.2, million or 48.6%, to $12.9 million in fiscal 1997 from $8.7 million in fiscal 1996, primarily due to the higher sales volumes, improved margins and the lower selling, general and administrative expenses as a percentage of net sales.

Non-operating expenses. Interest expense and deferred financing amortization decreased 4.9% to $4.1 million in fiscal 1997 from $4.4 million in fiscal 1996. The lower interest expense is attributed to lower average outstanding debt balances due in part to the Company's stock offering during the fourth quarter.

Income taxes. The Company recorded a net tax provision of $2.5 million in fiscal 1997 as compared to $1.4 million in fiscal 1996. The tax provision included a benefit of $1.1 million related to net operating loss ("NOL") utilization and valuation allowance reductions as compared to a benefit of $0.9 million recorded in fiscal 1996.

Financial Condition and Liquidity

Total cash and cash equivalents decreased by $5.6 million to $6.8 million at January 2, 1999 from $12.3 million at January 3, 1998. Net borrowings declined slightly from $27.9 million at January 3, 1998 to $27.8 million at January 2, 1999. The overall use of liquidity was primarily to fund investing activities of $5.1 million and for treasury stock purchases of $3.3 million.

Operating activities. Net cash provided by operating activities before changes in assets and liabilities was $1.3 million in fiscal 1998 as compared to $11.1 million in fiscal 1997. This decline is due to the lower net earnings. Net cash provided by continuing operating activities after changes in assets and liabilities was $2.3 million as compared to net cash provided of $4.8 million in the prior year. Accounts receivables decreased $1.0 million due to lower sales volumes as compared to the previous year. Inventories decreased by $1.8 million, as a result of lower demand requirements in addition to focused efforts to reduce inventory levels. Accounts payable decreased $.7 million as a result of lower inventory purchases and timing of disbursements at the 1997 fiscal year-end. Changes in other assets and liabilities resulted in net cash utilization of $1.2 million due to the funding of payroll and retirement benefit liabilities, and the timing of other expenses.

Investing activities. During 1998 the Company had capital expenditures of $3.8 million primarily to enhance manufacturing capabilities and to install new computer systems and equipment. Additionally, the Company acquired the remaining interest in Asbury Associates, Inc. and Middleby Philippines Corporation, for $1.2 million during the first quarter of 1998. This transaction increased the Company's ownership interest in these subsidiaries to 100%.

Financing activities. Net cash used in financing activities amounted to $2.8 million in fiscal 1998 as compared to net cash provided of $7.7 million in fiscal 1997. Net borrowings under financing arrangements decreased from $27.9 million to $27.8 million. The net change in borrowings reflects the repayment of $1.8 million of foreign bank debt and $1.6 million of scheduled payments under lease arrangements, offset by $3.5 million of foreign borrowings under the Company's multi-currency revolving credit facility. The Company entered into the unsecured multi-currency revolving credit line with a major international bank in March 1998. This credit facility enhances the Company's ability to manage its financing activities related to its international operations.

In July 1998, the Company's Board of Directors adopted a stock repurchase program and during 1998 authorized the purchase of up to 1,800,000 common shares from time to time in open market purchases. As of January 2, 1999, 838,000 shares had been purchased under the program for $3.3 million.

At January 2, 1999, the Company was not in compliance with certain covenants pursuant to the multi-currency revolving credit facility and its $15.0 million senior note as a result of the Company's $3.3 million of stock repurchases and the net loss incurred by the Company in the second half of the year, which included the $3.5 million of non-recurring expenses. The Company has obtained waivers for these covenant violations. In March 1999, the financing agreements were amended to adjust the minimum requirements for the related covenants and reduce the credit limit under the revolving credit facility from $20.0 million to $10.0 million. Management believes that the Company will have sufficient financial resources available to meet its anticipated requirements for working capital, growth strategies, capital expenditures and debt amortization for the foreseeable future.

Year 2000 Compliance

The Company has assessed and continues to assess the impact of the Year 2000 issue on its reporting systems and operations. The Year 2000 issue exists because many computer systems and applications currently use two-digit date fields to designate a year. As the century date occurs, date sensitive systems may recognize the year 2000 as 1900 or not at all. This inability to recognize or properly treat the year 2000 may cause the Company's systems to process critical financial and operational information incorrectly.

The Company has undertaken a review of its information technology ("IT") systems. The Company is in the process of executing a strategy to implement new IT systems at its International Distribution Division to enhance its current transaction processing and information reporting capabilities. These systems are year 2000 compliant. In addition, the Company has completed, or is in process of completing, upgrades to existing IT systems at all other business units to make these systems year 2000 compliant. These systems projects are currently on schedule for completion prior to July 30, 1999. If these systems projects are not successful, the Company will develop contingency plans. Nevertheless,

failure to complete these systems projects in a timely manner could result in a significant disruption of the Company's ability to transact business with its major customers and suppliers.

The Company has also undertaken a review of its critical non-IT systems, such as production machinery and phone systems. The Company is in the process of contacting equipment vendors and service providers to assess the potential risk associated with these systems. Non-compliant systems will be replaced or modified. Based upon internal evaluations and assurances provided by equipment and service vendors, the Company does not believe significant modification to or replacement of existing non-IT systems will be required. However, the Company cannot verify the assurances it has been provided from third parties.

Additionally, a review of key suppliers and customers is in process to ensure that the flow of products and services will not be disrupted as a result of failure of the supplier or customer to become year 2000 compliant. While the Company is receiving assurances that no such interruption will occur, the Company cannot ensure that third parties will become compliant. Any significant or prolonged interruption in the supply of essential services or products would adversely affect the Company's operations and ability to conduct business. In the event that the Company identifies problems with a service provider or other vendor, it will attempt to obtain services and products from other available sources. Similarly, problems with a significant portion of the Company's customers in processing and paying invoices could materially impact the Company's cash flows or liquidity. The Company is unable to anticipate whether a significant portion of its customers will have difficulty in processing and paying invoices.

Expenses associated with the Year 2000 issue relate primarily to the modification of existing IT systems. The Company anticipates that remaining costs to fully address these matters will amount to approximately $0.3 million. The Company does not anticipate that future costs to address the Year 2000 issue will have a material effect on its financial condition.

Foregoing is a Year 2000 readiness disclosure entitled to protection as provided in the Year 2000 Information and Readiness Disclosure Act.

International Exposure

The Company has manufacturing operations located in Asia and distribution operations in Asia, Canada, Europe, and Latin America. The Company anticipates that international sales will continue to account for a significant portion of consolidated net sales in the foreseeable future. Countries within Asia and certain other regions continue to be impacted by adverse economic conditions which have resulted in reduced hotel and resort development, and delayed expansion plans of quick-service restaurant chains within the region. As a result, the Company's sales into international markets declined by 20% in fiscal 1998, including a 42% decline of sales into the Asian region. Some sales by the foreign operations are in local currency and an increase in the relative value of the U.S. dollar against such currencies would lead to the reduction in consolidated sales and earnings. Additionally, foreign currency exposures are currently not specifically hedged and there can be no assurances that the Company's future results of operations will not be adversely affected by currency fluctuations.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risk related to changes in interest rates. The following table summarizes the maturity of the Company's debt obligations:

	Fixed Rate Debt	Variable Rate Debt

(dollars in thousands)

1999	$ 1,893	$ --
2000	9,985	--
2001	4,973	3,474
2002	5,000	--
2003	2,500	--
	$24,351	$ 3,474

Fixed rate debt is comprised of a $15.0 million senior note and $9.4 million due under lease arrangements. The senior note bears interest at a rate of 10.99% and the lease arrangements bear interest at an average implicit interest rate of 10.2%. Variable rate debt is comprised of borrowings under the Company's $10.0 million revolving credit line, which includes a $2.5 million yen denominated loan and a $1.0 million Spanish-peseta denominated loan. Interest under the revolving credit facility is assessed based upon the bank's reference rate in each respective country. The interest rate assessed to the yen and peseta denominated loans at January 2, 1999 were 1.2% and 6.4%, respectively.

Item 8. Financial Statements and Supplementary Data

The following consolidated financial statement schedule is included in response to Item 14(d).

All other schedules for which provision is made to applicable regulation of the Securities and Exchange Commission are not required under the related instruction or are inapplicable and, therefore, have been omitted.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of The Middleby Corporation:

We have audited the accompanying consolidated balance sheets of THE MIDDLEBY CORPORATION (a Delaware corporation) and Subsidiaries as of January 2, 1999, and January 3, 1998, and the related consolidated statements of earnings, changes in stockholders' equity and cash flows for each of the three years in the period ended January 2, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Middleby Corporation and Subsidiaries as of January 2, 1999, and January 3, 1998, and the results of their operations and their cash flows for each of the three years in the period ended January 2, 1999, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to the financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Chicago, Illinois
February 15, 1999
(except for the matter discussed in Note 3 to the Consolidated Financial Statements, as to which the date is March 31, 1999)

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JANUARY 2, 1999 AND JANUARY 3, 1998
(dollars in thousands, except per share data)

	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,768	$ 12,321
Accounts receivable, net	21,242	22,251
Inventories, net	20,456	24,072
Prepaid expenses and other	941	1,248
Current deferred taxes	2,895	3,000
Total current assets	52,302	62,892
Property, plant and equipment, net	22,596	21,790
Excess purchase price over net assets acquired, net	13,617	12,882
Deferred taxes	5,347	3,779
Other assets	2,729	2,293

Total assets	$ 96,591	$ 103,636
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 1,893	$ 3,595
Accounts payable	10,945	11,600
Accrued expenses	8,855	8,907
Total current liabilities	21,693	24,102
Long-term debt	25,932	24,318
Retirement benefits and other non-current liabilities	4,232	2,883
Stockholders' equity:		
Preferred stock, $.01 par value; none issued	--	--
Common stock, $.01 par value, 10,996,000 and 10,895,000 shares issued in 1998 and 1997, respectively	110	109
Paid-in capital	54,602	53,984
Treasury stock at cost; 838,000 shares in 1998	(3,309)	--
Accumulated deficit	(4,303)	(319)
Accumulated other comprehensive income	(2,366)	(1,441)
Total stockholders' equity	44,734	52,333
Total liabilities and stockholders' equity	$ 96,591	$ 103,636

The accompanying Notes to Consolidated Financial Statements
are an integral part of these statements.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE FISCAL YEARS ENDED JANUARY 2, 1999, JANUARY 3, 1998
AND DECEMBER 28, 1996

(dollars in thousands, except per share data)

	1998	1997	1996
Net sales	$ 132,320	$ 148,253	$ 124,765
Cost of sales	96,082	102,523	87,330
Gross profit	36,238	45,730	37,435
Selling and distribution expenses	20,817	22,150	18,319
General and administrative expenses	12,304	10,689	10,439
Non-recurring expenses	3,457	--	--
Income (loss) from operations	(340)	12,891	8,677
Interest expense and deferred financing amortization, net	2,916	4,136	4,351
Other expense (income), net	939	413	(146)
Earnings (loss) before income taxes	(4,195)	8,342	4,472
Provision (benefit) for income taxes	(211)	2,538	1,389
Earnings (loss) from continuing operations	(3,984)	5,804	3,083
Discontinued operations, net of income tax:			
Loss from discontinued operations	--	--	(744)
Loss on disposal including operating losses during the phase-out period	--	(564)	(1,866)
Net earnings (loss)	$ (3,984)	$ 5,240	$ 473
Basic earnings (loss) per share:			
Continuing operations	$ (0.37)	$ 0.65	$ 0.37
Discontinued operations	0.00	(0.06)	(0.31)
Net earnings (loss) per share	$ (0.37)	$ 0.59	$ 0.06
Weighted average number of shares	10,761	8,863	8,415
Diluted earnings (loss) per share:			
Continuing operations	$ (0.37)	$ 0.64	$ 0.35
Discontinued operations	0.00	(0.06)	(0.30)
Net earnings (loss) per share	$ (0.37)	$ 0.58	$ 0.05
Weighted average number of shares	10,872	9,104	8,666

The accompanying Notes to Consolidated Financial Statements
are an integral part of these statements.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE FISCAL YEARS ENDED JANUARY 2, 1999, JANUARY 3, 1998
AND DECEMBER 28, 1996
(dollars in thousands)

	Common Stock	Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance, December 30, 1995	$ 84	$ 27,934	$ --	$ (6,032)	$ (208)	$ 21,778
Comprehensive income:						
Net earnings		--	--	473	--	473
Currency translation adjustments		--	--	--	44	44
Increase in minimum pension liability	--	--	--	--	(303)	(303)
Net comprehensive income	--	--	--	473	(259)	214
Exercise of stock options	1	174	--	--	--	175
Balance December 28, 1996	$ 85	$ 28,108	$ --	$ (5,559)	$ (467)	$ 22,167
Comprehensive income:						
Net earnings	--	--	--	5,240	--	5,240
Currency translation adjustments	--	--	--	--	(989)	(989)
Decrease in minimum pension liability	--	--	--	--	15	15
Net comprehensive income	--	--	--	5,240	(974)	4,266
Adjustments to valuation allowance	--	3,558	--	--	--	3,558
Proceeds from stock offering	24	22,069	--	--	--	22,093
Issuance of stock	--	213	--	--	--	213
Exercise of stock options	--	36	--	--	--	36
Balance, January 3, 1998	$ 109	$ 53,984	$ --	$ (319)	$ (1,441)	$ 52,333
Comprehensive income:						
Net loss	--	--	--	(3,984)	--	(3,984)
Currency translation adjustments	--	--	--	--	177	177
Increase in minimum pension liability	--	--	--	--	(1,102)	(1,102)
Net comprehensive income	--	--	--	(3,984)	(925)	(4,909)
Exercise of stock options	--	81	--	--	--	81
Issuance of stock	1	537	--	--	--	538
Purchase of treasury stock	--	--	(3,309)	--	--	(3,309)
Balance, January 2, 1999	$ 110	$ 54,602	$ (3,309)	$ (4,303)	$ (2,366)	$ 44,734

The accompanying notes to Consolidated Financial Statements
are an integral part of these statements.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JANUARY 2, 1999, JANUARY 3, 1998
AND DECEMBER 28, 1996
(dollars in thousands)

	1998	1997	1996
Cash flows from operating activities--			
Net earnings (loss)	$ (3,984)	$ 5,240	$ 473
Adjustments to reconcile net earnings to net cash provided by continuing operating activities--			
Depreciation and amortization	3,160	2,953	2,752
Deferred income taxes	(843)	2,370	98
Discontinued operations	--	564	2,610
Non-cash portion of non-recurring expense	3,001	--	--
Cash effects of changes in--			
Accounts receivable	1,009	(2,392)	(5,801)
Inventories	1,774	(3,116)	(2,636)
Prepaid expenses and other asset	(670)	(1,271)	(99)
Accounts payable	(655)	1,231	(218)
Accrued expenses and other liabilities	(487)	(746)	1,925
Net cash provided by (used in) continuing operating activities	2,305	4,833	(896)
Net cash (used in) provided by discontinued operating activities	--	(2,963)	1,311
Net cash provided by operating activities	2,305	1,870	415

Cash flows from investing activities--			
Additions to property and equipment	(3,830)	(4,959)	(2,966)
Purchase of subsidiary minority interest	(1,249)	--	--
Proceeds from sale of discontinued operations	--	6,281	4,800
Net cash provided by (used in) investing activities	(5,079)	1,322	1,834
Cash flows from financing activities--			
Proceeds (repayments) under intellectual property lease	(1,551)	10,200	--
Proceeds (repayments) under revolving credit facilities	3,474	(14,575)	(425)
Reduction in term loans	--	(8,362)	(3,597)
(Reduction in) proceeds from foreign bank debt	(1,793)	(1,595)	2,233
Proceeds from public stock offering	--	22,093	--
Repurchase of treasury stock	(3,309)	--	--
Proceeds from other stock issuances	618	249	174
Other financing activities, net	(218)	(291)	(196)
Net cash provided by (used in) financing activities	(2,779)	7,719	(1,811)
Changes in cash and cash equivalents--			
Net (decrease) increase in cash and cash equivalents	(5,553)	10,911	438
Cash and cash equivalents at beginning of year	12,321	1,410	972
Cash and cash equivalents at end of year	$ 6,768	$ 12,321	$ 1,410

The accompanying Notes to Consolidated Financial Statements
are an integral part of these statements.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) NATURE OF OPERATIONS

The Middleby Corporation (the "Company") is engaged in the design, manufacture and sale of commercial and institutional foodservice equipment. Its major lines of products consist of conveyor ovens, toasters, counter-top cooking and warming equipment, ranges, convection ovens, broilers, steamers and semi-custom fabrication. The Company manufactures and assembles most of this equipment at two factories in the United States and one operation in the Philippines. The Company conducts its business principally through one domestic and two international divisions.

The Company's products are sold primarily to independent dealers and distributors and are marketed primarily through the Company's sales personnel and network of independent manufacturers' representatives. The Company's end-user customers include: (i) fast food or quick-service restaurants, including those restaurants that primarily offer pizza, (ii) full-service restaurants, including casual-theme restaurants, (iii) retail outlets, such as convenience stores, supermarkets and department stores and (iv) public and private institutions, such as hotels, resorts, schools, hospitals, long-term care facilities, correctional facilities, stadiums, airports, corporate cafeterias, military facilities and government agencies. Included in these customers are several large multi-national restaurant chains which account for a significant portion of the Company's business, although no single customer accounts for more than 10% of net sales.

The Company purchases raw materials and component parts, the majority of which are standard commodity type materials, from a number of suppliers. Although certain component parts are procured from a sole source, the Company can purchase such parts from alternate vendors.

The Company has numerous licenses and patents to manufacture, use and sell its products and equipment. Certain of these licenses begin to expire in the year 2000. Management believes the loss of any one of these licenses or patents would not have a material adverse effect on the financial and operating results of the Company.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to be consistent with the current year presentation.

The Company's fiscal year ends on the Saturday nearest December 31. Fiscal years 1998, 1997 and 1996 ended on January 2, 1999, January 3, 1998 and December 28, 1996, respectively, and included 52, 53 and 52 weeks, respectively.

(b) Cash and Cash Equivalents

The Company considers all short-term investments with original maturities of three months or less when acquired to be cash equivalents. The Company's policy is to invest its excess cash in U.S. Government securities, interest-bearing deposits with major banks, municipal notes and bonds and commercial paper of companies with strong credit ratings that are subject to minimal credit and market risk.

(c) Accounts Receivable

Accounts receivable, as shown in the consolidated balance sheets, are net of allowances for doubtful accounts of $805,000 and $577,000 at January 2, 1999 and January 3, 1998, respectively.

(d) Inventories

Inventories are stated at the lower of cost or market. Cost is determined utilizing the first-in, first-out (FIFO) inventory method. Inventories at January 2, 1999 and January 3, 1998 are as follows:

	1998	1997
	(dollars in thousands)	
Raw materials and parts	$ 5,281	$ 6,073
Work in process	3,743	6,804
Finished goods	11,432	11,195
	$20,456	$24,072

(e) Property, Plant and Equipment

Property, plant and equipment are carried at cost as follows:

	1998	1997

	(dollars in thousands)	
Land and improvements	$ 3,322	$ 3,322
Building and improvements	12,054	11,621
Furniture and fixtures	7,191	6,022
Machinery and equipment	15,939	14,359
	38,506	35,324
Less accumulated depreciation	(15,910)	(13,534)
	$ 22,596	$ 21,790

Depreciation is provided for financial statement purposes using the straight-line method and amounted to $2,510,000, $2,094,000 and $1,549,000 in fiscal 1998, 1997 and 1996, respectively. Following is a summary of the estimated useful lives:

Description	Life
Land improvements	7 years
Building and improvements	20 to 40 years
Furniture and fixtures	5 to 7 years
Machinery and equipment	3 to 10 years

Expenditures which significantly extend useful lives are capitalized. Maintenance and repairs are charged to expense as incurred. Asset impairments are recorded whenever events or changes in circumstances indicate that the recorded value of an asset is less than the sum of its expected future undiscounted cash flows.

(f) Excess Purchase Price Over Net Assets Acquired

The excess purchase price over net assets acquired is being amortized using a straight-line method over periods of 15 to 40 years. Amounts presented are net of accumulated amortization of $5,186,000 and $4,673,000 at January 2, 1999 and January 3, 1998, respectively. The Company periodically evaluates the useful life and realizability of the excess purchase price over net assets acquired based on current events and circumstances. Impairments are measured utilizing an undiscounted forecasted income method pertaining to business units and are recorded at the time management deems an impairment has occurred.

(g) Intangible Assets

Trademarks, patents, license agreements and other intangibles, included in other assets in the consolidated balance sheets, are being amortized on a straight-line basis over estimated useful lives ranging from 5 to 15 years. Net recorded intangible assets of $755,000 and $684,000 are presented net of accumulated amortization of $2,182,000 and $2,091,000 at January 2, 1999 and January 3, 1998, respectively.

(h) Accrued Expenses

Accrued expenses consist of the following at January 2, 1999 and January 3, 1998, respectively:

	1998	1997
	(dollars in thousands)	
Accrued payroll and related expenses	$2,629	$3,253
Accrued commissions	1,497	1,510
Accrued warranty	1,372	1,172

Other accrued expenses	3,357	2,972
	$8,855	$8,907

(i) Fair Value of Financial Instruments

The carrying value of all financial instruments approximates the fair value of those assets and liabilities.

(j) Foreign Currency

Foreign currency transactions are accounted for in accordance with SFAS No. 52: "Foreign Currency Translation." Assets and liabilities of the Company's foreign operations are translated at exchange rates at the balance sheet date. These translation adjustments are not included in determining net income for the period but are disclosed and accumulated in a separate component of stockholders' equity until sale or liquidation of the net investment in the foreign entity takes place. Exchange gains and losses on foreign currency transactions are included in determining net income for the period in which they occur. Intercompany transactions of a long-term investment nature are considered part of the Company's net investment and hence do not give rise to gains or losses.

(k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(l) Revenue Recognition

Revenue is recognized from sales when a product is shipped. The Company recognizes warranty and equipment installation expenses at the time a product is shipped, if applicable. The expense is estimated considering current warranty policies and historical experience.

(m) Research and Development Costs

Research and development costs, included in cost of sales in the consolidated statements of earnings, are charged to expense when incurred. These costs were $1,796,000, $1,695,000 and $1,515,000 in fiscal 1998, 1997 and 1996, respectively.

(n) Earnings Per Share

During the fourth quarter of 1997, the Company adopted SFAS No. 128: "Earnings Per Share." Under SFAS 128, "basic earnings per share" is calculated based upon the weighted average number of common shares actually outstanding, and "diluted earnings per share" is calculated based upon the weighted average number of common shares outstanding, warrants and other potential common shares, if they are dilutive. The Company's common share equivalents consist of shares issuable on exercise of outstanding options computed using the treasury method and amounted to 111,000, 241,000 and 251,000 for fiscal 1998, 1997 and 1996, respectively.

(o) Consolidated Statements of Cash Flows

For purposes of the consolidated statements of cash flows, the Company considers all highly-liquid instruments with a maturity of three months or less to be cash equivalents. Cash paid for interest was $2,877,000, $3,925,000 and $4,397,000 in fiscal 1998, 1997 and 1996, respectively. Cash payments totaling $565,000, $304,000 and $256,000 made for income taxes during fiscal 1998, 1997 and 1996, respectively.

(3) FINANCING ARRANGEMENTS

The following is a summary of long-term debt at January 2, 1999 and January 3, 1998:

	1998	1997
	(dollars in thousands)	
Unsecured senior note	$15,000	$15,000
Unsecured revolving credit line	3,474	--
Intellectual property lease	8,649	10,200
Foreign bank debt	--	1,793
Other financing	702	920
	27,825	27,913
Less current maturities of long-term debt	1,893	3,595
	$25,932	$24,318

The unsecured senior note bears interest at 10.99% and has an eight-year term maturing January 10, 2003 with semi-annual payments of $2,500,000 beginning in July 2000. A warrant for the purchase of 250,000 shares of common stock of the Company at an exercise price of $3 per share was issued in conjunction with the note.

As of January 2, 1999, the Company had borrowings of $2,474,000 in a yen-denominated loan and $1,000,000 in a Spanish peseta-denominated loan under the Company's unsecured multi-currency revolving credit line. There were no borrowings in U.S. Dollars at year-end. The credit agreement was amended in March 1999, reducing the credit line from $20,000,000 to $10,000,000. Interest on U.S. borrowings is assessed at floating interest rates of between 0.3% to 2.0% above LIBOR rate or at the bank's reference rate to 0.5% below that reference rate. The interest rate is adjusted quarterly based on the Company's defined indebtedness ratio on a rolling four-quarter basis. Interest on foreign borrowings is determined based upon the bank's reference rate within that country. As of January 2, 1999, the interest rates on the yen and peseta denominated borrowings were 1.2% and 6.4%, respectively. A variable commitment fee, based upon the indebtedness ratio, of between 0.075% to 0.35% is charged on the unused portion of the line of credit. The multi-currency revolving line of credit expires on February 28, 2001, or earlier, at the Company's option.

In December 1997, the Company entered into a four-year sale and leaseback of certain intellectual property for $10,200,000. The sale and leaseback facility bears an implicit interest rate of 10.3% and has a four-year term maturing on December 30, 2001. At its option, the Company may repurchase the intellectual property after three years at a specified price. After the final maturity of the lease, the Company may repurchase the intellectual property at its then fair market value. Principal and interest are paid on a quarterly basis.

Other financing arrangements are comprised primarily of capital lease arrangements for production equipment, with repayment periods extending through fiscal 2000. Ownership of the related equipment transfers to the Company at the end of the lease period.

The terms of the credit and note agreements limit the paying of dividends, limit capital expenditures and leases, and require, among other terms, a minimum amount, as defined, of stockholders' equity, and certain ratios of indebtedness and fixed charge coverage. The credit and note agreements also provide that if a material adverse change in the Company's business operations or conditions occurs, the lender and noteholder could declare an event of default. At January 2, 1999, the Company was not in compliance with covenants pursuant to its revolving credit facility and note agreement. The Company subsequently obtained waivers for these covenant violations. In March 1999, the credit and note agreements were amended to adjust the minimum requirements of stockholders' equity and ratios of indebtedness and fixed charge coverage.

The aggregate amount of long-term debt payable during each of the next five years and thereafter is as follows:

	(dollars in thousands)
1999	$ 1,893
2000	9,985
2001	8,447
2002	5,000
2003	2,500
	$27,825

(4) COMMON AND PREFERRED STOCK

(a) Shares Authorized and Issued

At January 2, 1999 and January 3, 1998, the Company had 20,000,000 shares of common stock and 2,000,000 shares of Non-voting Preferred Stock authorized. At January 2, 1999, there were 10,996,000 shares issued.

(b) Public Stock Offering

In December 1997, the Company completed a public stock offering. The offering totaled 3,001,500 shares of which the Company sold 2,391,500 shares and 610,000 shares were sold by selling stockholders. Net proceeds to the Company totaled approximately $22.1 million and were used to repay certain indebtedness.

(c) Treasury Stock

In July 1998, the Company's Board of Directors adopted a stock repurchase program and during 1998 authorized the purchase of up to 1,800,000 common shares in open market purchases. As of January 2, 1999, 838,000 shares had been purchased for $3.3 million.

(d) Warrant

In conjunction with the issuance of the senior notes in January 1995 (see Note 3), the Company issued a transferable warrant to the noteholder for the purchase of 250,000 shares of common stock at an exercise price of $3 per share. The warrant provides for adjustment of the exercise price if the Company issues additional shares at a purchase price below the then current market price, as defined, and for adjustment of the number of shares if the Company declares a stock dividend. The warrant became exercisable on February 10, 1995 and expires July 10, 2003.

(e) Stock Options

The Company maintains a 1998 Stock Incentive Plan (the "Plan"), as adopted effective as of February 19, 1998, which provides rights to key employees to purchase shares of common stock at specified exercise prices. The Plan supercedes the 1989 Stock Incentive Plan, as amended, and no further options will be granted under the 1989 Plan. A maximum amount of 550,000 shares can be issued under the Plan. Options may be exercised upon certain vesting requirements being met, but expire to the extent unexercised within a maximum of ten years from the date of grant. The weighted average exercise price of options outstanding under the Plan was $6.41 at January 2, 1999 and $4.48 at January 3, 1998.

In addition to the above Plan, certain directors of the Company have options outstanding at January 2, 1999 for 1,000 shares exercisable at $1.875 per share and 75,000 shares exercisable at $7.50 per share.

A summary of stock option activity is presented below:

Stock Option Activity	Employees	Directors	Option Price Per Share
Outstanding at December 28, 1996	136,600	82,000	$1.25 to $7.50
Granted	5,000	--	$9.63
Exercised	(4,562)	(6,000)	$1.875 to $5.63
Forfeited	(12,500)	--	$5.25 to $5.63
Outstanding at January 3, 1998	124,538	76,000	
Granted	200,000	--	$7.09
Exercised	(29,300)	--	$1.25 to $7.38
Forfeited	(3,250)	--	$5.25 to $5.63
Outstanding at January 2, 1999	291,988	76,000	

As permitted under SFAS No. 123: "Accounting for Stock-Based

Compensation", the Company has elected to follow APB Opinion No. 25: "Accounting for Stock Issued to Employees" in accounting for stock-based awards to employees and directors. Under APB 25, because the exercise price of the Company's stock options is equal to or greater than the market price of the underlying stock on the date of grant, no compensation expense is recognized in the Company's financial statements for all periods presented.

Pro forma information regarding net earnings and earnings per share is required by SFAS 123. This information is required to be determined as if the Company had accounted for its employee and director stock options granted subsequent to December 31, 1994 under the fair value method of that statement. The weighted average estimated fair value of stock options granted in fiscal 1998, 1997 and 1996 was $3.62, $5.32 and $3.37 per share, respectively. The fair value of options has been estimated at the date of grant using a Black-Scholes option pricing model with the following general assumptions: risk-free interest rate of 5.5 percent, no expected dividend yield, expected lives of 3.5 to 9.0 years and expected volatility of 40 to 60 percent.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the

Company's options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of its options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma net income and per share data from continuing operations is as follows:

	1998	1997	1996
	(dollars in thousands, except per share data)		
Earnings from continuing operations	$ (4,047)	$ 5,675	$ 2,946
Per share:			
Basic	$ (0.38)	$ 0.64	$ 0.35
Diluted	$ (0.38)	$ 0.62	$ 0.34

(5) INCOME TAXES

The provision (benefit) for income taxes for continuing operations is summarized as follows:

1998	1997	1996
(dollars in thousands)		

Federal	$ (250)	$ 2,346	$ 1,153
State and local	(42)	178	188
Foreign	81	14	48
Total	$ (211)	$ 2,538	$ 1,389
Current	$ 141	$ 3,124	$ 1,213
Deferred	(352)	(586)	176
Total	$ (211)	$ 2,538	$ 1,389

Reconciliation of the differences between income taxes computed at the Federal statutory rate to the effective rate are as follows:

	1998	1997	1996
U.S. Federal statutory tax rate	(34.0%)	34.0%	34.0%
NOL utilization and adjustments to valuation allowance	18.8	(13.1)	(19.3)
Permanent book vs. tax differences	4.0	1.8	1.2
Foreign tax losses with no benefit and rate differentials	8.2	5.6	11.0
State taxes, net of federal benefit	(2.0)	2.1	4.2
Consolidated effective tax rate for continuing operations	(5.0%)	30.4%	31.1%

At January 2, 1999 and January 3, 1998, the Company had recorded the following deferred tax assets and liabilities which were comprised of the following:

	1998	1997
	(dollars in thousands)	
Deferred tax assets:		
Federal net operating loss carry-forwards	$ 4,873	$ 5,224
Tax credit carry-forwards	1,725	1,676
Foreign net operating loss carry-forwards	1,506	--
Accrued pension benefits	1,184	862
Reserve for product line discontinuance	699	--
Accrued warranty	508	398
Other	1,369	367
Valuation allowance	(1,912)	--
Deferred tax assets	9,952	8,527
Deferred tax liabilities:		
Depreciation	(1,710)	(1,748)
Net deferred tax assets	$ 8,242	$ 6,779

As of January 2, 1999, the consolidated tax loss carry-forwards for Federal income tax purposes were approximately $4,873,000 on a tax effected basis. These carry-forwards expire as follows: $424,000 in 2004; $1,619,000 in 2005; $1,913,000 in 2006; and $917,000 in 2007. Tax credit carry-forwards are comprised of business tax credits of approximately $958,000, which expire from 1999 through 2001 and Federal alternative minimum tax credits of approximately $767,000 that do not expire. Foreign net operating loss carry-forwards relate primarily to the Company's operations in France, Japan, Korea, the Philippines and Taiwan.

The increase in the gross tax asset and the related valuation allowance is due to the generation of net operating loss carry-forwards at certain foreign operations for which valuation allowance has been established. Additionally, a valuation allowance has been established related to business tax credits which will more likely than not expire unutilized.

(6) COMMITMENTS AND CONTINGENCIES

The Company leases office and plant facilities and equipment under operating leases which expire in fiscal 1999 through 2003. Rental expense was $1,280,000, $1,569,000 and $802,000 in fiscal 1998, 1997 and 1996, respectively. Future minimum rental payments under these leases are as follows:

	(dollars in thousands)
1999................................	$ 760
2000................................	647
2001................................	593
2002................................	452
2003 and thereafter..................	274
	$2,726

(7) DISCONTINUED OPERATION

On January 23, 1997, the Company completed the sale of substantially all of the assets of Victory Refrigeration Company ("Victory"). The results of Victory have been reported separately as a discontinued operation in the consolidated financial statements for fiscal 1996. The results of the discontinued operations are not necessarily indicative of the results which may have been obtained had the continuing and discontinued operations been operating independently. Summarized results of Victory are as follows:

	1996 (dollars in thousands)
Net sales	$ 27,261
Loss from operations	(458)
Loss before income taxes	(1,111)
Benefit for income taxes	(367)
Loss from discontinued operations	$ (744)

Additionally, the company recorded losses from operations during the phase-out period and on disposal of the business of $564,000 and $1,866,000 in 1997 and 1996, respectively.

(8) NON-RECURRING EXPENSES

During the third quarter of 1998, the Company decided to discontinue the implementation and fully abandon an enterprise-wide resource planning system. This decision resulted from the failure of the system to meet certain performance specifications. The total expense resulting from this decision amounted to $1,335,000 and was recorded in accordance with SFAS 121 "Accounting for the Impairment of Long-Lived Assets and For Long-Lived Assets to be Disposed of." This charge reflects the complete write-off of costs associated with the system, including capitalized software, program development and implementation costs.

Additionally, during the third quarter of 1998, the Company recorded charges of $190,000 for restructuring actions related to its International Distribution Division and initiatives to reduce operating costs. These actions included the disposal of assets resulting from the relocation from certain leased facilities and severance benefits associated with terminated employees. These actions were substantially complete at year-end.

During the fourth quarter of 1998, the Company decided to discontinue the distribution of all non-manufactured products by the Cooking Systems Group and exit a manufacturing product line not consistent with the Company's cooking and warming equipment strategy. Accordingly, the Titan mixer line was sold and the Company is ending distribution activities for the Ro-Fry oil-less fryer, rotisserie ovens, display cases and combi-ovens. In conjunction with these actions, the Company has recorded charges of $1,932,000 for the disposition of inventories and related exit costs. The Company anticipates completion of the exit strategy by the second quarter of 1999.

(9) ACQUISITION OF MINORITY INTEREST

During the first quarter of 1998, the Company acquired the remaining interest in Asbury Associates, Inc. and Middleby Philippines Corporation from the founder and president of Asbury Associates, Inc. The remaining interest was acquired for $512,000 in cash, 50,000 shares of common stock with a market value of $387,000 at the date of issuance and forgiveness of certain minority interest liabilities owed by the minority shareholder. This transaction increased the Company's ownership interest in these subsidiaries to 100%. The excess purchase price over the value of assets acquired of $1,249,000 was allocated to goodwill and is to be amortized over a period of 15 years.

(10) SEGMENT INFORMATION

The Company operates in three reportable segments defined by factors including physical location, management reporting structure, and operating activities.

The domestic manufacturing operations operate through the Cooking Systems Group. This division supports three major product groups, including conveyor oven equipment, core cooking equipment and counterline cooking equipment. Principal product lines of the conveyor oven product group include Middleby Marshall ovens and CTX ovens. Principal product lines of the core cooking equipment product group include the Southbend product line of ranges, steamers, convection ovens, broilers, fryers, griddles and steam cooking equipment. The counterline cooking and warming equipment product group includes toasters, hot food servers, foodwarmers, griddles, fryers and ranges distributed under the Toastmaster brand name. This business division has manufacturing facilities in Elgin, Illinois and Fuquay-Varina, North Carolina.

The International Specialty Equipment Division operations are located in Manila, the Philippines. The division engineers, manufactures and installs custom kitchen fabrications and specialty cooking equipment used primarily in conjunction with standard equipment manufactured in the U.S. to provide a complete kitchen installation. Principal products include serving stations, work tables, undercounter refrigeration systems, ventilation systems, cabinets and shelving. Customers are primarily Asian, Pacific Rim, and Middle Eastern operations of major U.S. and international foodservice chains and hotels.

The International Distribution Division provides integrated export management, distribution and installation services through its distribution operations in Canada, China, Florida, France, Japan, Korea, Mexico, the Philippines, Spain, and Taiwan. The division sells the Company's product lines and certain non-competing complementary product lines throughout the world. For a local country distributor or dealer, the Company is able to provide a centralized source of foodservice equipment with complete export management and product support services.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates individual segment performance based on operating income. Intersegment sales are made at established arms length transfer prices.

The following table summarizes the results of operations for the Company's business segments:

	Cooking Systems Group	International Specialty Equipment	International Distribution	Corporate and Other(1)	Eliminations(2)	Total
FISCAL 1998						
Net Sales	$ 101,223	$ 5,239	$ 39,096	$ 1,440	$ (14,678)	$ 132,320
Operating Income	7,772	(53)	(2,629)	(4,979)	(451)	(340)
Non-recurring expense	1,932	--	--	1,525	--	3,457
Depreciation expense	1,741	470	201	98	--	2,510
Capital expenditures	3,171	292	39	328	--	3,830
Total Assets	48,348	10,187	22,786	22,055	(6,785)	96,591
Long-lived Assets	25,169	3,660	1,351	14,109	--	44,289
FISCAL 1997						
Net Sales	$ 104,757	$ 7,627	$ 47,668	$ 4,417	$ (16,216)	$ 148,253
Operating Income	15,548	904	(543)	(2,869)	(149)	12,891
Depreciation Expense	1,408	350	245	91	--	2,094
Capital Expenditures	3,643	300	414	602	--	4,959
Total Assets	53,153	8,603	22,021	27,813	(7,954)	103,636
Long-lived Assets	23,747	4,057	1,293	11,647	--	40,744
FISCAL 1996						
Net Sales	$ 90,468	$ 6,552	$ 39,722	$ 1,417	$ (13,394)	$ 124,765
Operating Income	12,656	(869)	1,206	(4,187)	(129)	8,677
Depreciation Expense	1,186	118	166	79	--	1,549
Capital Expenditures	1,089	1,439	285	153	--	2,966
Total Assets	48,375	8,579	15,052	18,849	(5,170)	85,685
Long-lived Assets	21,520	4,123	875	10,118	--	36,636

(1) Includes sales of discontinued product lines in addition to corporate and other general company assets and operations.

(2) Includes elimination of intercompany sales, profit in inventory, and intercompany receivables. Intercompany sale transactions are predominantly from the Cooking Systems Group to the International Distribution Division.

Net sales by each major geographic region are as follows:

	1998	1997	1996
		(dollars in thousands)	
United States	$ 89,005	$ 92,958	$ 78,491
Asia	15,034	25,857	25,606
Europe and Middle East	13,451	16,416	11,351
Latin America	10,061	7,563	5,281
Canada	4,769	5,459	4,036
Total international	43,315	55,295	46,274
	$132,320	$148,253	$124,765

(11) EMPLOYEE BENEFIT PLANS

The Company maintains non-contributory defined benefit plans for its union employees at the Elgin, Illinois facility. Benefits are determined based upon retirement age and years of service with the Company. The plan is funded in accordance with provisions of the Employee Retirement Income Security Act of 1974.

The Company also maintains retirement benefit agreements with its Chairman and President, and a non-qualified defined benefit retirement plan for certain officers. The retirement benefits are based upon a percentage of the officer's final base salary and number of years of employment. Additionally, the Company maintains a retirement plan for non-employee directors. The plan provides for an annual benefit upon retirement from the Board of Directors at age 70, equal to 100% of the director's last annual retainer, payable for a number of years equal to the director's years of service up to a maximum of 10 years. Retirement benefits for the officers and directors were unfunded as of January 2, 1999.

A summary of the plans' benefit obligations, funded status, and net balance sheet position is as follows:

(dollars in thousands)

	1998 Funded Plans	1998 Unfunded Plans	1997 Funded Plans	1997 Unfunded Plans
Change in Benefit Obligation:				
Benefit obligation - beginning of year	$ 2,204	$ 1,901	$ 1,911	$ 1,566
Service cost	111	178	112	211
Interest on benefit obligations	162	143	137	124
Actual return on assets	(71)	--	(100)	--
Net amortization and deferral	(51)	92	--	--
Net pension expense	151	413	149	335
Net benefit payments	(100)	--	(79)	--
Actuarial (gain) loss	460	687	223	--
Benefit obligation - end of year	2,715	3,001	2,204	1,901
Change in Plan Assets:				
Plan assets at fair value - beginning of year	1,858	--	1,549	--
Company contributions	301	--	321	--

Investment gain	148	--	127	--
Benefit payments and plan expenses	(173)	--	(139)	--
Plan assets at fair value - end of year	2,134	--	1,858	--
Unfunded benefit obligation	(581)	(3,001)	(346)	(1,901)
Unrecognized net loss	699	686	287	
Unrecognized prior year service cost	245	--	282	--
Unrecognized net transition asset	(15)	--	(19)	--
Net amount recognized in the balance sheet at year-end	$ 348	$(2,315)	$ 204	$(1,901)
Assumed discount rate	6.5%	6.2%	7.5%	7.5%
Expected return on assets	8.5%	--	8.5%	--

The Company also maintains a discretionary profit sharing plan and 401k savings plan for salaried and non-union hourly employees in the United States. Contribution expenses associated with the profit sharing plan amounted to $300,000, $310,000 and $308,000 in fiscal 1998, 1997 and 1996 respectively.

(12) QUARTERLY DATA (UNAUDITED)

	1st	2nd	3rd	4th	Total Year
	(dollars in thousands, except per share data)				
1998					
Net sales	$ 31,101	$ 33,641	$ 33,891	$ 33,687	$ 132,320
Gross profit	9,438	10,672	9,420	6,708	36,238
Non-recurring expense	--	--	1,525	1,932	3,457
Income (loss) from operations	1,621	2,062	(113)	(3,910)	(340)
Earnings (loss) from continuing operations	520	791	(888)	(4,407)	(3,984)
Earnings (loss) from discontinued operations	--	--	--	--	--
Net earnings (loss)	$ 520	$ 791	$ (888)	$ (4,407)	$ (3,984)
Basic earnings (loss) per share (1):					
Continuing operations	$ 0.05	$ 0.07	$ (0.08)	$ (0.42)	$ (0.37)
Discontinued operations	0.00	0.00	0.00	(0.00)	0.00
Net earnings (loss) per share	$ 0.05	$ 0.07	(0.08)	$ (0.42)	$ (0.37)
Diluted earnings (loss) per share (1):					
Continuing operations	$ 0.05	$ 0.07	$ (0.08)	$ (0.42)	$ (0.37)
Discontinued operations	0.00	0.00	0.00	0.00	0.00
Net earnings (loss) per share	$ 0.05	$ 0.07	$ (0.08)	$ (0.42)	$ (0.37)
1997					
Net sales	$ 32,698	$ 42,082	$ 35,850	$ 37,623	$ 148,253
Gross profit	10,474	12,814	11,002	11,440	45,730
Income from operations	3,118	3,735	2,887	3,151	12,891
Earnings from continuing operations	1,386	1,587	1,231	1,600	5,804
Loss from discontinued operations	--	(564)	--	--	(564)
Net earnings	$ 1,386	$ 1,023	$ 1,231	$ 31,600	$ 5,240
Basic earnings (loss) per share (1):					
Continuing operations	$ 0.16	$ 0.18	$ 0.14	$ 0.17	$ 0.65
Discontinued operations	0.00	(0.06)	0.00	0.00	(0.06)
Net earnings per share	$ 0.16	$ 0.12	$ 0.14	$ 0.17	$ 0.59
Diluted earnings (loss) per share (1):					
Continuing operations	$ 0.16	$ 0.18	$ 0.14	$ 0.16	$ 0.64
Discontinued operations	0.00	(0.06)	0.00	0.00	(0.06)
Net earnings per share	$ 0.16	$ 0.12	$ 0.14	$ 0.16	$ 0.58

(1) Sum of quarters may not equal the total for the year due to changes in the number of shares outstanding during the year.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FISCAL YEARS ENDED JANUARY 2, 1999, JANUARY 3, 1998
AND DECEMBER 28, 1996

	Balance Beginning Of Period	Additions Charged Expense	Write-Offs During the the Period	Balance At End Of Period
Allowance for doubtful accounts; deducted from accounts receivable on the balance sheets-				
1996	$413,000	$117,000	$ (35,000)	$495,000
1997	$495,000	$453,000	$(371,000)	$577,000
1998	$577,000	$591,000	$(363,000)	$805,000
Reserve for product line discontinuance				
1998	$ --	$1,932,000	$ (90,000)	$1,842,000

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

None.

PART III

The information required by Part III (Items 10, 11, 12 and 13) is incorporated by reference, to the extent necessary, in accordance with General Instruction G(3), from the Company's definitive proxy statement filed pursuant to Regulation 14A in connection with the 1999 annual meeting of stockholders.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. Financial statements.

The financial statements listed on Page 20 are filed as part of this Form 10-K.

3. Exhibits.

3.1 Unofficial Restated Certificate of Incorporation of The Middleby Corporation (as amended to August 23, 1996), incorporated by reference to the Company's Form 10-Q/A, Amendment No. 1, Exhibit 3(i), for the fiscal quarter ended June 29, 1996, filed on August 23, 1996;

3.2 Unofficial Amended and Restated Bylaws of The MiddlebyCorporation (as amended to August 23, 1996), incorporated by reference to the Company's Form 10-Q/A, Amendment No. 1, Exhibit 3(ii), for the fiscal quarter ended June 29, 1996, filed on August 23, 1996;

4.1 Certificate of Designations dated October 30, 1987, and specimen stock certificate relating to the CompanyPreferred Stock, incorporated by reference from the Company's Form 10-K, Exhibit (4), for the fiscal year ended December 31, 1988, filed on March 15, 1989;

4.2 Note Agreement dated as of January 1, 1995, among Middleby Marshall Inc. and Asbury Associates, Inc. as Obligors, incorporated by reference to the Company's Form 10-K, Exhibit (4) (c), for the fiscal year ended December 31, 1994, filed on March 31, 1995;

4.3 Amendment No. 1 to Note Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4)(c)(i), for the fiscal quarter ended June 29, 1996, filed August 13, 1996;

4.4 Amendment No. 2 to Note Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4)(c)(ii), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;

4.5 Amendment No. 3 to Note Agreement, dated as of August 15, 1996, incorporated by reference to the Company's Form 10-K for the fiscal year ended December 28, 1996, filed on March 28, 1997;

4.6 "Second Amendment" (Amendment No. 4) to Note Agreement, dated as of January 15, 1997, incorporated by reference to the Company's Form 10-K for the fiscal year ended December 28, 1996, filed on March 28, 1997;

4.7 Amendment No. 5 to Note Agreement, dated as of March 18, 1998, incorporated by reference to the Company's Form 8-K, Exhibit 4(a), filed on August 21, 1998.

4.8 Amendment No. 6 to Note Agreement, dated as of March 31, 1999;

4.9 Warrant to purchase common stock of The Middleby Corporation dated January 10, 1995, incorporated by reference to the Company's Form 10-K, Exhibit (4) (d), for the fiscal year ended December 31, 1994, filed on March 31, 1995;

4.10 Intercreditor Agreement dated as of January 10, 1995, by and among Sanwa Business Credit Corporation, as Agent, the Northwestern Mutual Life Insurance Company, as the Senior Noteholder, and First Security Bank of Utah, National Association, as Security Trustee and collateral Agent, incorporated by reference to the Company's Form 10-K, Exhibit (4) (e), for the fiscal year ended December 31, 1994, filed on March 31, 1995;

4.11 Amendment No. 1 to Intercreditor Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4)(e)(i), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;

4.12 Amendment No. 2 to Intercreditor Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4)(e)(ii), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;

4.13 Multicurrency Credit Agreement dated as of March 19, 1998 among Middleby Marshall Inc., the Subsidiaries of Middleby Marshall Inc., and Bank of America National Trust and Savings Association, Incorporated by reference to the Company's Form 8-K, Exhibit 4(b), filed on August 21, 1998.

4.14 Second Amendment and Waiver dated as of March 31, 1999 to Multicurrency Credit Agreement dated as of March 19, 1998;

10.1* Amended and Restated Employment Agreement of William F. Whitman, Jr., dated January 1, 1995, incorporated by reference to the Company's Form 10-Q, Exhibit (10) (iii) (a), for the fiscal quarter ended April 1, 1995;

10.2* Amendment No. 1 to Amended and Restated Employment Agreement of William F. Whitman, Jr., incorporated by reference to the Company's Form 8-K, Exhibit 10(a), filed on August 21, 1998.

10.3* Amended and Restated Employment Agreement of David P. Riley, dated January 1, 1995, incorporated by reference to the Company's 10-Q, Exhibit (10) (iii) (b) for the fiscal quarter ended April 1, 1995;

10.4* Amendment No. 1 to Amended and Restated Employment Agreement of David P. Riley incorporated by reference to the Company's Form 8-K, Exhibit 10(b), filed on August 21, 1998.

10.5* Amended and Restated Employment Agreement of independent directors adopted as of January 1, 1995, incorporated by reference to the Company's Form 10-Q, Exhibit (10) (iii) (c), for the fiscal quarter ended April 1, 1995;

10.6* The Middleby Corporation Amended and Restated 1989 Stock Incentive Plan, as amended, incorporated by reference to the Company's Form 10-Q, Exhibit (10)(iii)(d), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;

10.7* The Middleby Corporation 1998 Stock Incentive Plan;

10.8* 1996 Management Incentive Plan (Corporate Vice Presidents), incorporated by reference to Company's Form 10-Q, Exhibit 10 (iii) (f), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;

10.9* Description of Supplemental Retirement Program, incorporated by reference to Amendment No. 1 to the Company's Form 10-Q, Exhibit 10 (c), for the fiscal quarter ended July 3, 1993, filed on August 25, 1993;

10.10* The Middleby Corporation Stock Ownership Plan, incorporated by reference to the Company's Form 10-K, Exhibit (10) (iii) (m), for the fiscal year ended January 1, 1994, filed on March 31, 1994;

10.11* Amendment to The Middleby Corporation Stock Ownership Plan dated as of January 1, 1994, incorporated by reference to the Company's Form 10-K, Exhibit (10) (iii) (n), for the fiscal year ended December 31,1994, filed on March 31, 1995;

10.12 Underwriting agreement dated October 28, 1997 between the Company and Shroder and Co. Inc. and Brean Murray, Co Inc., incorporated by reference to exhibit 2 to schedule 13D for William F Whitman, Jr., filed on November 5, 1997;

10.13 The lease agreement dated as of December 30, 1997 between Middleby Marshall Inc. and Bank of America Leasing and Capital Corporation, incorporated by reference to the Company's 8-K filed on January 13, 1998;

10.14 Amendment to the lease agreement dated December 30, 1997 between Middleby Marshall Inc. and Bank of America Leasing and Capital Corporation, incorporated by reference to the Company's 8-K filed on January 13, 1998;

(22) List of subsidiaries;

(27.1) Financial Data Schedules (EDGAR only);

* Designates management contract or compensation plan.

(b) There were no reports on Form 8-K in the fiscal fourth quarter of 1998.

(c) See the financial statement schedule included under Item 8.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 27th of March, 1999.

THE MIDDLEBY CORPORATION

BY: /s/ David P. Riley

David P. Riley
President, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 27th, 1999.

Signatures Title

----------	-----
PRINCIPAL EXECUTIVE OFFICER	
/s/ David P. Riley - ----------------------------- David P. Riley	President, Chief Executive Officer and Director
PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER	
/s/ John J. Hastings - ----------------------------- John J. Hastings	Executive Vice President, Chief Financial Officer, Secretary and Treasurer
DIRECTORS	
/s/ William F. Whitman, Jr. - ----------------------------- William F. Whitman, Jr.	Chairman of the Board and Director
/s/ Robert R. Henry - ----------------------------- Robert R. Henry	Director
/s/ A. Don Lummus - ----------------------------- A. Don Lummus	Director
/s/ John R. Miller, III - ----------------------------- John R. Miller, III	Director

/s/ Philip G. Putnam - ----------------------------- Philip G. Putnam	Director
/s/ Sabin C. Streeter - ----------------------------- Sabin C. Streeter	Director
/s/ Joseph G. Tompkins - ----------------------------- Joseph G. Tompkins	Director
/s/ Laura B. Whitman - ----------------------------- Laura B. Whitman	Director
/s/ Robert L. Yohe - ----------------------------- Robert L. Yohe	Director

EXECUTION COPY

MIDDLEBY MARSHALL INC.
AND
ASBURY ASSOCIATES, INC.

SIXTH AMENDMENT TO NOTE AGREEMENT AND WAIVER

Note Agreement Dated as of January 1, 1995

$15,000,000 10.99% Senior Secured Notes
Due January 10, 2003
and
Warrant to Purchase Common Stock

THIS SIXTH AMENDMENT TO NOTE AGREEMENT AND WAIVER, dated as of March 31, 1999 (the or this "Sixth Amendment"), relates to the Note Agreement dated as of January 1, 1995 (as heretofore amended, the "Original Note Agreement"), between and among Middleby Marshall Inc., a Delaware corporation ("MMI") and Asbury Associates, Inc., a Florida corporation ("Asbury"), (Asbury and MMI each hereinafter sometimes individually referred to as an "Obligor" and collectively as the "Obligors"), and The Northwestern Mutual Life Insurance Company (the "Noteholder").

RECITALS:

A. The Obligors and the Noteholder have heretofore entered into the Original Note Agreement, pursuant to which were issued the $15,000,000 10.99% Senior Notes Due January 10, 2003 (the "Notes ") dated January 10, 1995. The Noteholder is the holder of 100% of the outstanding principal amount of the Notes.

B. The Obligors have requested that the Noteholder agree to (i) waive certain covenant defaults under Sections 5.7(b), 5.8, 5.9(a) and 5.9(b) of the Original Note Agreement and (ii) amend certain terms of the Original Note Agreement.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Original Note Agreement unless herein defined or the context shall otherwise require.

NOW, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this Sixth Amendment set forth in Section 3.1 hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Obligors and the Noteholder do hereby agree as follows:

SECTION 1. AMENDMENTS.

1.1. Section 5.7(b) of the Original Note Agreement shall be and is hereby amended in its entirety to read as follows:

(b) the ratio of (1) Consolidated Indebtedness to (2) EBITDA, measured at the end of each fiscal quarter for the four (4) immediately preceding fiscal quarters then ended, to exceed the following levels on each date:

Maximum Level	Period Ended
5.75	April 3, 1999
5.75	July 3, 1999
5.00	October 2, 1999

4.00	January 1, 2000 and thereafter

provided, however, that for purposes of calculating EBITDA for the preceding four quarters, non-recurring charges taken by MMI in the third and fourth quarters of 1998 will be excluded from EBITDA; and provided further, that, for purposes of testing compliance with this covenant, the term (i) "Consolidated Indebtedness" shall include the present value of all capital lease obligations of MMI and its Subsidiaries, determined as of any date the ratio is to be determined, and (ii) in the event that MMI or any of its Subsidiaries shall have made an Acquisition involving any Person during any such fiscal quarter, the term "EBITDA" shall include the allocable earnings before interest, taxes, depreciation and amortization for the four (4) most recently completed fiscal quarters of such Person determined in accordance with GAAP, and, if GAAP is not applicable, determined in a manner agreed to in writing by the holders of the Notes and MMI.

1.2. Section 5.8 of the Original Note Agreement shall be and is hereby amended in its entirety to read as follows:

Section 5.8. Consolidated Tangible Net Worth. The Obligors will at all times keep and maintain Consolidated Tangible Net Worth equal to or greater than the sum of $24,000,000 plus an amount equal to 50% of Consolidated Net Income earned during each of its fiscal quarters beginning with its fiscal quarter commencing on January 3, 1999; provided that notwithstanding that Consolidated Net income for any such elapsed fiscal quarter may be a deficit figure, no reduction of the result thereof shall be made in the sum to be maintained pursuant hereto.

1.3. Section 5.9 of the Original Note Agreement shall be and is hereby amended in its entirety to read as follows:

Section 5.9. Fixed Charges Coverage Ratio. (a) The Obligors will at all times keep and maintain the ratio of Consolidated Net Income Available for Fixed Charges (CNIAFC) for the immediately preceding four fiscal quarter period to Consolidated Fixed Charges for the same four quarter period at not less than:

Minimum Level	Period Ended
.75	April 3, 1999
.75	July 3, 1999
1.00	October 2, 1999
1.50	January 1, 2000
1.75	April 1, 2000 and thereafter

provided, however, that non-recurring charges taken by MMI in the third and fourth quarters of fiscal 1998 will be excluded when calculating CNIAFC.

(b) The Obligors shall maintain a Consolidated Fixed Charge Coverage Ratio measured at the end of each fiscal quarter for the four (4) immediately preceding fiscal quarters then ended at not less than:

Minimum Level	Period Ended
1.00	April 3, 1999
1.00	July 3, 1999
1.00	October 2, 1999
1.00	January 1, 2000

1.25 April 1, 2000 and thereafter

In the event that MMI or any of its Subsidiaries shall have made an Acquisition involving any Person during such immediate preceding fiscal quarter, then for purposes of calculating the Consolidated Fixed Charge Coverage Ratio, Consolidated Net Income shall include the allocable net income (adjusted as provided in the definition of the term "Consolidated Fixed Charge Coverage Ratio") of such Person for the four (4) most recently completed fiscal quarters of such Person determined in accordance with GAAP, and, if GAAP is not applicable, determined in a manner agreed to in writing by the holders of the Notes and MMI.

SECTION 2. REPRESENTATIONS AND WARRANTIES.

2.1. To induce the Noteholder to execute and deliver this Sixth Amendment, each Obligor represents and warrants to the Noteholder (which representations shall survive the execution and delivery of this Sixth Amendment) that:

(a) this Sixth Amendment has been duly authorized, executed and delivered by it and this Sixth Amendment constitutes the legal, valid and binding obligation, contract and agreement of such Obligor enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(b) the Original Note Agreement, as amended by this Sixth Amendment, constitutes the legal, valid and binding obligation, contract and agreement of such Obligor enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(c) the execution, delivery and performance by such Obligor of this Sixth Amendment (i) have been duly authorized by all requisite corporate action and, if required, shareholder action, (ii) do not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, (B) violate or require any consent under or with respect to any provision of the Revolving Credit Agreement or the Revolving Credit Documents or any other material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, or (C) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (iii)(B) of this Section 2.1(c);

(d) as of the date hereof and after giving effect to this Sixth Amendment, no Default or Event of Default has occurred which is continuing; and

(e) since October 3, 1998 there has been no material adverse change in the business or financial conditions or prospects of any Obligor.

SECTION 3. CONDITIONS PRECEDENT; MISCELLANEOUS.

3.1. This Sixth Amendment shall not become effective until each and every one of the following conditions shall have been satisfied:

(a) executed counterparts of this Sixth Amendment, duly executed by the Obligors shall have been delivered to the Noteholder;

(b) the Noteholder shall have received an amendment to the Revolving Credit Agreement providing a waiver comparable to that provided in Section 3.2 hereof, consenting to this Sixth Amendment and containing covenant adjustments and other provisions as shall be in form and substance satisfactory to the Noteholder;

(c) receipt by the Noteholder of an amount equal to 3/8 of 1% of the outstanding principal balance of the Notes as consideration for the Noteholder's execution and delivery of this Sixth Amendment; and

(d) the representations and warranties of the Obligors set forth in Section 2 hereof are true and correct on and with respect to the date hereof.

Upon satisfaction of the conditions herein, this Sixth Amendment shall be effective as of the date first written above.

3.2. Upon and by virtue of this Amendment becoming effective as herein contemplated, the failure of the Obligors to comply with the provisions of Sections 5.8 (Consolidated Tangible Net Worth) and 5.9(a)(Fixed Charges Coverage Ratio) of the Original Note Agreement for the period ended October 3, 1998, and with the provisions of Sections 5.7(b) (Indebtedness Ratio), 5.8 (Consolidated Tangible Net Worth), 5.9(a) and 5.9(b)(Fixed Charges Coverage Ratio) of the Original Note Agreement for the period ending January 2, 1999, which failures constitute a Default or Event of Default under the Original Note Agreement, shall be deemed to have been waived by the Noteholder.

3.3. The Company understands and agrees that (i) the waiver contained in Section 3.2 hereof pertains only to the Default or Event of Default therein described and to the extent so described and not to any other Default or Event of Default which may exist under, or any other matters arising in connection with, the Original Note Agreement or the Notes, or to any rights, powers or remedies that the Noteholder may have by virtue of any such other actions or matters, and (ii) this Sixth Amendment does not constitute an agreement to forbear from exercising any rights, powers or remedies the Noteholder may have with respect to such other Default or Event of Default or other matters.

3.4. This Sixth Amendment shall be construed in connection with and as part of the Original Note Agreement, and except as modified and expressly amended by this Sixth Amendment, all terms, conditions and covenants contained in the Original Note Agreement and the Notes are hereby ratified and shall be and remain in full force and effect.

3.5. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Sixth Amendment may refer to the Original Note Agreement without making specific reference to this Sixth Amendment but nevertheless all such references shall include this Amendment unless the context otherwise requires.

3.6. This Sixth Amendment shall be governed by and construed in accordance with Illinois law.

3.7. This Sixth Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Sixth Amendment to Note Agreement as of the day and year first above written.

MIDDLEBY MARSHALL INC.

By /s/ John J. Hastings

Its Executive Vice President

ASBURY ASSOCIATES, INC.

By /s/ John J. Hastings

Its Vice President

Accepted as of March 31, 1999.

THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY

By /s/ Richard A. Strait

Its Authorized Representative

SECOND AMENDMENT AND WAIVER

DATED AS OF MARCH 31, 1999 TO

MULTICURRENCY CREDIT AGREEMENT

DATED AS OF MARCH 18, 1998

THIS SECOND AMENDMENT AND WAIVER, dated as of March 31, 1999 (this "Amendment") is entered into among MIDDLEBY MARSHALL INC., a Delaware corporation ("Middleby"), the existing Subsidiaries of Middleby (together with Middleby, individually, a "Borrower" and collectively, the "Borrowers"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association, having its principal office at 231 South LaSalle Street, Chicago, Illinois 60697 (the "Bank").

RECITALS:

A. The Borrowers and the Bank have entered into a Multicurrency Credit Agreement dated as of March 18, 1998, as amended by that certain First Amendment dated as of July 4, 1998 (as amended, modified or supplemented, the "Agreement"; the terms defined in the Agreement and not otherwise defined herein shall be used herein as defined in the Agreement).

B. The Borrowers have requested, and the Bank has agreed, that the Bank shall waive any Default or Event of Default arising out of the Borrowers' failure to satisfy the financial covenants set forth in Sections 7.13(a), 7.13(b) and 7.13(c) as measured as of the end of the fiscal quarter ending on January 2, 1999.

C. The Borrowers and the Bank wish to amend the Agreement as hereinafter set forth.

D. Therefore, the parties hereto agree as follows:

1. AMENDMENT TO THE AGREEMENT.

1.1 Section 1.1 of the Agreement. Section 1.1 of the Agreement is hereby amended as of the date hereof by inserting at the end of the definition of "Applicable Margin" the following:

> "Notwithstanding the foregoing, commencing on March 31, 1999 and for so long as the ratio of Indebtedness to EBITDA as determined pursuant to Section 7.13(b) shall be 3.5:1.0 or greater, the following percentages shall be in effect for all purposes under this Agreement and shall, during such period, replace the applicable percentages shown in the pricing grid above: (i) LIBOR or IBOR,
>
> 2.00%, (ii) Reference Rate, 0.50%, (iii) Commitment Fee, 0.35% and (iv) Letter of Credit Fee, 1.50%."

1.2 Section 2.1 of the Agreement. Section 2.1 of the Agreement is hereby amended as of the date hereof by deleting it in its entirety and inserting the following in lieu thereof:

> "2.1 Amounts and Terms of Commitments. The Bank agrees, on the terms and conditions set forth herein, to make loans to any Borrower (each such loan, a "Revolving Loan") from time to time on any Business Day during the period from the date hereof to the Revolving Termination Date, in an aggregate principal Dollar Equivalent amount not to exceed (a) $10,000,000 at any time outstanding for all Borrowers (such amount as the same may be reduced pursuant to Section 2.6 or as a result of one or more assignments

pursuant to Section 9.8, the Bank's "Commitment"), (b) the Aggregate Commitment Sublimit at any time outstanding for the Foreign Borrowers, or (c) with respect to any Foreign Borrower, the Individual Commitment Sublimit applicable thereto; provided, however, that, after giving effect to any Borrowing of Revolving Loans or issuance of a Letter of Credit, the aggregate principal Dollar Equivalent amount of all outstanding Revolving Loans plus the aggregate Dollar Equivalent amount of outstanding LC Obligations shall not exceed (a) the Commitment, (b) with respect to the Foreign Borrowers, the Aggregate Commitment Sublimit, (c) with respect to any Foreign Borrower, the Individual Commitment Sublimit applicable thereto. Within the limits of the Bank's Commitment, and subject to the other terms and conditions hereof, each Borrower may borrow under this Section 2.1, prepay pursuant to Section 2.6 and reborrow pursuant to this Section 2.1."

1.3 Section 7.13(a) of the Agreement. Section 7.13(a) of the Agreement is hereby amended as of the date hereof by deleting it in its entirety and inserting the following in lieu thereof:

"(a) Minimum Tangible Net Worth. Middleby and its Subsidiaries on a consolidated basis shall maintain at all times Tangible Net Worth equal to or greater than the sum of (a) $24,000,000 plus (b) an amount equal to 50% of Net Income earned during each of its fiscal quarters beginning with its

fiscal quarter commencing April 4, 1999 (without reduction for net losses, if any)."

1.4 Section 7.13(b) of the Agreement. Section 7.13(b) of the Agreement is hereby amended as of the date hereof by deleting it in its entirety and inserting the following in lieu thereof:

"(b) Ratio of Indebtedness to EBITDA. Middleby and its Subsidiaries on a consolidated basis shall maintain a ratio of (a) Indebtedness to (b) EBITDA, measured at the end of each fiscal quarter for the four (4) immediately preceding fiscal quarters then ended, for such period ending on a date set forth below of not more than the amount set forth opposite such date:

Date	Ratio
4/3/99	5.75:1.00
7/3/99	5.75:1.00
10/2/99	5.00:1.00
1/1/00	4.00:1.00
4/1/00 and each fiscal quarter thereafter	3.5:1.00

For purposes of testing compliance with this covenant, the term (i) "Indebtedness" shall include the present value of all capital lease obligations of Middleby and the Subsidiaries, determined as of any date the ratio is to be determined, and (ii) in the event that Middleby or any of its Subsidiaries shall have made an Acquisition involving any Person during any such fiscal quarter, the term "EBITDA" shall include the allocable earnings before interest, taxes, depreciation and amortization for the four (4) most recently completed fiscal quarters of such Person determined in accordance with GAAP, and, if GAAP is not applicable, determined in a manner agreed to in writing by the Bank and Middleby. For further purposes of testing compliance with this covenant, when the results of the fiscal quarter ending October 3, 1998 or the fiscal quarter ending January 2, 1999 are required for the calculation of Net

Income in the calculation of EBITDA to determine such ratio, Middleby and its Subsidiaries are entitled to exclude as expenses from such calculation of Net Income the amounts of $1,525,000 and $1,932,000, respectively, which amounts refer to non-recurring charges taken in such fiscal quarters."

1.5 Section 7.13(c) of the Agreement. Section 7.13(c) of the Agreement is hereby amended as of the date hereof by deleting it in its entirety and inserting the following in lieu thereof:

"(c) Fixed Charge Coverage Ratio. Middleby and its Subsidiaries on a consolidated basis shall maintain a Fixed Charge Coverage Ratio, measured at the end of each fiscal quarter for the four (4) immediately preceding fiscal quarters then ended, for such period ending on a date set forth below of not less than the amount set forth opposite such date:

Date	Ratio
4/3/99	1.00:1.00
7/3/99	1.00:1.00
10/2/99	1.00:1.00
1/1/00	1.00:1.00
4/1/00 and each fiscal quarter thereafter	1.25:1.00

In the event that Middleby or any of its Subsidiaries shall have made an Acquisition involving any Person during such immediately preceding fiscal quarter, then for purposes of calculating the Fixed Charge Coverage Ratio, Net Income shall include the allocable net income (adjusted as provided in the definition of the term "Fixed Charge Coverage Ratio") of such Person for the four (4) most recently completed fiscal quarters of such Person determined in accordance with GAAP, and, if GAAP is not applicable, determined in a manner agreed to in writing by the Bank and Middleby. For the purpose of testing compliance with this covenant, when the results of the fiscal quarter ending October 3, 1998 or the fiscal quarter ending January 2, 1999 are required for the calculation of Net Income in the calculation of EBITDA to determine such ratio, Middleby and its Subsidiaries are entitled to exclude as expenses from such calculation of Net Income the amounts of $1,525,000 and $1,932,000, respectively, which amounts refer to non-recurring charges taken in such fiscal quarters."

1.6 Section 7.13(e) of the Agreement. The Agreement is hereby amended as of the date hereof by adding a Section 7.13(e) at the end of Section 7.13 as follows:

"(e) Minimum EBITDA. Middleby and its Subsidiaries on a consolidated basis shall maintain EBITDA, measured on a cumulative basis as of the dates and for the periods set forth below, of not less than (i) $1,600,000 for the three-month period ending on April 3, 1999, (ii) $4,750,000 for the six-month period ending on July 3, 1999 and (iii) $8,500,000 for the nine-month period ending on October 2, 1999."

1.7 Section 7.13(f) of the Agreement. The Agreement is hereby amended as of the date hereof by adding a Section 7.13(f) at the end of Section 7.13 as follows:

"(f) Maximum Indebtedness. Middleby and its Subsidiaries shall not permit Indebtedness of Middleby and its Subsidiaries (excluding any Indebtedness arising from the BA Leasing Documents), at any time between and including March 31, 1999 and April 1, 2000, to exceed the sum of (i) eighty percent (80%) of their total accounts receivable derived from operations in the United States, plus (ii) fifty percent (50%) of their total inventory located in the United States, plus (iii) forty percent (40%) of their net fixed assets located in the United States, provided, that the Bank, in its sole discretion, may change any of the above percentages by providing notice of such change to Middleby based on the results of any field examination of the Borrowers' accounting records and operations."

2. WAIVER. The Bank hereby waives any Default or Event of Default arising out of the failure of the Borrowers to satisfy the financial covenants under Section 7.13(a), 7.13(b) and 7.13(c) of the Credit Agreement as measured as of the end of the fiscal quarter ending on January 2, 1999. This waiver by the Bank as described above shall not operate as a waiver of (i) any other right, power or remedy of the Bank under the Loan Documents or (ii) any other Default or Event of Default under the Agreement.

3. WARRANTIES. To induce the Bank to enter into this Amendment, the Borrowers warrant that:

3.1 Authorization. The Borrowers are duly authorized to execute and deliver this Amendment, and are and will continue to be duly authorized to borrow monies under the Agreement, as amended hereby, and to perform their obligations under the Agreement, as amended hereby.

3.2 No Conflicts. The execution and delivery of this Amendment, and the performance by the Borrowers of their respective obligations under the Agreement, as amended hereby, do not and will not conflict with any provision of law or of the charter or by-laws of each Borrower or of any agreement binding upon each Borrower.

3.3 Validity and Binding Effect. The Agreement, as amended hereby, is a legal, valid and binding obligation of the Borrowers, enforceable against the Borrowers in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

4. CONDITIONS PRECEDENT. This Amendment shall be effective as of the date first written above upon the satisfaction of each of the following conditions precedent:

4.1 Documentation. The Borrowers shall have delivered to the Bank this Amendment together with each of the following, all duly executed and dated the date hereof, in form and substance satisfactory to the Bank:

(a) Resolutions. For each Borrower, as the Bank deems necessary, a copy, duly certified by the secretary or an assistant secretary of such Borrower, of (i) resolutions of such Borrower's Board of Directors authorizing or ratifying the execution and delivery of this Amendment and authorizing the borrowings under the Agreement, as amended hereby, (ii) all documents evidencing other necessary corporate action, and (iii) all approvals or consents, if any, necessary with respect to this Amendment.

(b) Incumbency. For each Borrower, as the Bank deems necessary, a certificate of the secretary or an assistant secretary of such Borrower certifying the names of such Borrower's officers authorized to sign this Amendment and all other documents or certificates to be delivered hereunder, together with the true signatures of such officers.

(c) Certification. A certificate of the president or chief financial officer of Middleby as to the matters set out in Sections 4.2, 4.3 and 4.4 hereof.

(d) Other. Such other documents as the Bank may reasonably request.

4.2 No Default. As of the date hereof, after giving effect to this Amendment, no Event of Default or Default shall have occurred and be continuing.

4.3 Warranties. As of the date hereof, after giving effect to this Amendment, the representations and warranties in Article V of the Agreement and in Section 3 of this Amendment shall be true and correct as though made on such date, except for such changes as are specifically permitted under the Agreement.

4.4 Northwestern Notes. As of the date hereof, no default or event of default shall have occurred and be continuing under that certain Note Agreement dated January 1, 1995 between Middleby and Northwestern Mutual Life Insurance Company ("Northwestern") pursuant to which Middleby issued those certain $15,000,000 10.99% Senior Notes due on January 10, 2003 which are held by Northwestern.

5. GENERAL.

5.1 Expenses. The Borrowers agree to pay the Bank upon demand for all reasonable expenses, including reasonable attorneys' and legal assistants' fees (which attorneys and legal assistants may be employees of the Bank), incurred by the Bank in connection with the preparation, negotiation and execution of this Amendment.

5.2 Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS (WITHOUT REGARD TO CONFLICTS OF LAW PROVISIONS THEREOF); PROVIDED THAT THE BANK SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

5.3 Successors. This Amendment shall be binding upon the Borrowers and the Bank and their respective successors and assigns, and shall inure to the benefit of the Borrowers and the Bank and the successors and assigns of the Bank.

5.4 Confirmation of the Agreement. Except as amended and waived hereby, the Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects.

5.5 References to the Agreement. Each reference in the Agreement to "this Agreement," "hereunder," "hereof," or words of like import, and each reference to the Agreement in any and all instruments or documents provided for in the Agreement or delivered or to be delivered thereunder or in connection therewith, shall, except where the context otherwise requires, be deemed a reference to the Agreement as amended hereby.

5.6 Counterparts. This Amendment may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

5.7 Reaffirmation of Guaranty. Middleby and Asbury Associates, Inc., as guarantors (the "Guarantors") pursuant to that certain Continuing Guaranty (Multicurrency) dated as of March 18, 1998 (the "Guaranty") executed by the Guarantors in favor of the Bank hereby acknowledge and affirm to the Bank that notwithstanding the execution and delivery of this Amendment, the Guarantors hereby re-confirm the Guaranty and are and continue to be primarily liable for the Liabilities, as defined in the Guaranty.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed at Chicago, Illinois by their respective officers thereunto duly authorized as of the date first written above.

MIDDLEBY MARSHALL INC., as Borrower and Guarantor

By:_________________________________
Name: John J. Hastings
Title: Executive Vice President and Chief Financial Officer

MIDDLEBY PHILIPPINES CORPORATION, as Borrower

By:_________________________________
Name: John J. Hastings
Title: Vice President

MIDDLEBY JAPAN CORPORATION, as Borrower

By:_________________________________
Name: John J. Hastings
Title: Vice President

ASBURY WORLDWIDE (TAIWAN) CO., LTD., as Borrower

By:_________________________________
Name: John J. Hastings
Title: Vice President

ASBURY ASSOCIATES, INC., as Borrower and Guarantor

By:_________________________________
Name: John J. Hastings
Title: Vice President

ASBURY WORLDWIDE KOREA CO., LTD., as Borrower

By:_________________________________

Name: John J. Hastings
Title: Vice President

INTERNATIONAL CATERING EQUIPMENT AND SUPPLIES, INC., as Borrower

By:_________________________________
Name: John J. Hastings
Title: Vice President

ASBURY MEXICO, S.A. DE C.V., as Borrower

By:_________________________________
Name: John J. Hastings
Title: Vice President

ASBURY, S.L., as Borrower

By:_________________________________
Name: John J. Hastings
Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Bank

By:_________________________________
Name:_______________________________
Title:______________________________

Certificate of Middleby Marshall Inc.

I, the undersigned, Secretary of Middleby Marshall Inc. a Delaware corporation (the "Company"), DO HEREBY CERTIFY that:

1. This Certificate is furnished pursuant to Section 4.1 of that certain Second Amendment and Waiver dated as of March 31, 1999 (the "Amendment") to that certain Multicurrency Credit Agreement (as so amended and as previously amended, modified or supplemented, the "Credit Agreement"), between the Company, certain of its affiliates and Bank of America National Trust and Savings Association (the "Bank"). Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings assigned to such terms in the Credit Agreement.

2. There has been no change in the Certificate of Incorporation of the Company since April 3, 1998, such Certificate of Incorporation is in full force and effect as of the date hereof and no steps have been taken by the Board of Directors or the stockholders of the Company to effect or authorize any amendment or modification thereto.

3. There has been no change in the Bylaws of the Company since April 3, 1998, such Bylaws are in full force and effect as of the date hereof and no steps

have been taken by the Board of Directors or the stockholders of the Company to effect or authorize any amendment or modification thereto.

4. Attached hereto as Exhibit I is a true, correct and complete copy of resolutions duly adopted by the Board of Directors of the Company, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect.

5. The persons named in Exhibit II attached hereto have been duly elected, have duly qualified as and, on the date hereof, are officers of the Company holding the respective offices set forth therein opposite their names, and the signatures set forth therein opposite their names are their genuine signatures.

WITNESS my hand and seal of the Company this 31st day of March, 1999.

____
John J. Hastings

I, the undersigned, David P. Riley, President of the Company, DO HEREBY CERTIFY that John J. Hastings is the duly elected and qualified Secretary of the Company and the signature above is his genuine signature.

WITNESS my hand on this 31st day of March, 1999.

____
David P. Riley

CERTIFICATE OF CHIEF FINANCIAL OFFICER

OF MIDDLEBY MARSHALL INC.

Bank of America National Trust
and Savings Association
231 South LaSalle Street
Chicago, Illinois 60697

Ladies/Gentlemen:

Reference is made to that certain Second Amendment and Waiver dated as of March 31, 1999 (the "Amendment") between Middleby Marshall Inc., a Delaware corporation ("Middleby"), the existing Subsidiaries of Middleby (together with Middleby, individually, a "Borrower" and collectively, the "Borrowers"), and Bank of America National Trust and Savings Association (the "Bank"). The Amendment effects certain amendments and a waiver, as described therein, to that certain Multicurrency Credit Agreement dated as of March 18, 1998 between the Borrowers and the Bank (as amended thereby and as previously amended, modified or supplemented, the "Agreement"). Unless otherwise defined herein, terms used in this certificate which are defined in the Agreement shall have the same meaning herein as therein.

In connection with the execution and delivery of the Amendment, the chief financial officer of Middleby hereby certifies to the Bank as follows:

1. As of the date hereof, no Default or Event of Default has occurred and is continuing.

2. The warranties in Article V of the Agreement and in Section 3 of the Amendment are true and correct as of the date hereof as though made on the date hereof, except for such changes as are specifically permitted under the Agreement.

3. As of the date hereof, no default or event of default has occurred and is continuing under that certain Note Agreement dated January 1, 1995 between Middleby and Northwestern Mutual Life Insurance Company ("Northwestern") pursuant to which Middleby issued those certain $15,000,000 10.99% Senior Notes due on January 10, 2003 which are held by Northwestern.

Dated: March 31, 1999

Very truly yours,

MIDDLEBY MARSHALL INC.

By: ________________________________
Name: John J. Hastings

Title: Chief Financial Officer

Certificate of Asbury Associates, Inc.

I, the undersigned, Secretary of Asbury Associates, Inc. a Florida corporation (the "Company"), DO HEREBY CERTIFY that:

6. This Certificate is furnished pursuant to Section 4.1 of that certain Second Amendment and Waiver dated as of March 31, 1999 (the "Amendment") to that certain Multicurrency Credit Agreement (as so amended and as previously amended, modified or supplemented, the "Credit Agreement"), between the Company, certain of its affiliates and Bank of America National Trust and Savings Association (the "Bank"). Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings assigned to such terms in the Credit Agreement.

7. There has been no change in the Articles of Incorporation of the Company since April 3, 1998, such Articles of Incorporation are in full force and effect as of the date hereof and no steps have been taken by the Board of Directors or the stockholders of the Company to effect or authorize any amendment or modification thereto.

8. There has been no change in the Bylaws of the Company since April 3, 1998,

such Bylaws are in full force and effect as of the date hereof and no steps have been taken by the Board of Directors or the stockholders of the Company to effect or authorize any amendment or modification thereto.

9. Attached hereto as Exhibit I is a true, correct and complete copy of resolutions duly adopted by the Board of Directors of the Company, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect.

10. The persons named in Exhibit II attached hereto have been duly elected, have duly qualified as and, on the date hereof, are officers of the Company holding the respective offices set forth therein opposite their names, and the signatures set forth therein opposite their names are their genuine signatures.

WITNESS my hand and seal of the Company this 31st day of March, 1999.

____
John J. Hastings

I, the undersigned, David P. Riley, Chief Executive Officer of the Company, DO HEREBY CERTIFY that John J. Hastings is the duly elected and qualified Secretary of the Company and the signature above is his genuine signature.

WITNESS my hand on this 31st day of March, 1999.

____
David P. Riley

THE MIDDLEBY CORPORATION
1998 STOCK INCENTIVE PLAN

INTRODUCTION

This document contains the provisions of The Middleby Corporation 1998 Stock Incentive Plan, as adopted effective as of February 19, 1998 (the "Effective Date"). The purpose of this Plan is to provide a means to attract and retain employees of experience and ability and to furnish additional incentives to them.

ARTICLE I
DEFINITIONS

1.1. "BOARD" means the Company's Board of Directors.

1.2. "CODE" means the Internal Revenue Code of 1986, as amended.

1.3. "COMPANY" means The Middleby Corporation, a Delaware corporation.

1.4. "ELIGIBLE EMPLOYEE" means any employee of an Employer.

1.5. "EMPLOYER" means the Company or any affiliate or subsidiary of the Company.

1.6. "FAIR MARKET VALUE" means, as of any date, the closing price of Stock on the national stock exchange or automated quotation system on which the Stock is then listed or, if there was no trading in Stock on that date, the closing price of Stock on such exchange or automated quotation system on the next preceding date on which there was trading in Stock.

1.7. "GRANT" means any award of Options, Stock Appreciation Rights, Restricted Stock or Performance Stock (or any combination thereof) made under this Plan to an Eligible Employee.

1.8. "OPTION" means any stock option granted under this Plan.

1.9. "PERFORMANCE STOCK" means Stock issued pursuant to Article VII of this Plan.

1.10. "PLAN" means The Middleby Corporation 1998 Stock Incentive Plan, as set out in this document and as subsequently amended.

1.11. "RECIPIENT" means an Eligible Employee to whom a Grant has been made.

1.12. "RESTRICTED STOCK" means Stock transferred to a Recipient in a Grant which is, at the date on which the Grant is made, both (i) not "transferable" and (ii) "subject to a substantial risk of forfeiture," within the meaning of Section 83 of the Code.

1.13. "STOCK" means the Company's authorized common stock, par value $.01 per share.

1.14. "STOCK APPRECIATION RIGHT" means a right transferred to a Recipient under a Grant which entitles the Recipient, upon exercise, to receive a payment (in cash, Stock or a combination of cash and Stock) which is equal to the increase (if any) in the Fair Market Value of a share of Stock between the date as of which the Grant was made and the date as of which the right is exercised.

1.15. The masculine gender includes the feminine, and the singular number includes the plural, unless a different meaning is clearly required by the context.

ARTICLE II
STOCK AVAILABLE FOR GRANTS

2.1. 550,000 shares of Stock are available for Grants under the Plan. The Stock available for Grants may include unissued or reacquired shares. If a Grant expires or is canceled, any shares which were not issued or fully vested under the Grant at the time of expiration or cancellation will again be available for Grants.

2.2. If there is a merger, consolidation, stock dividend, split-up, combination or exchange of shares, recapitalization or change in capitalization with respect to Stock, the total number of shares provided for in Section 2. 1. will be adjusted by the Board to accurately reflect that event.

ARTICLE III
MAKING GRANTS

3.1. (a) The Board may, at any time while the Plan is in effect and there is Stock available for Grants, make Grants to Eligible Employees; provided, that the selection of Eligible Employees for participation and decisions concerning the timing, pricing and amount of a Grant shall be made solely by a committee consisting of two or more directors. The number of shares of Stock granted in a fiscal year to each executive officer whose compensation is subject to reporting in the Company's annual proxy statement (an "Executive Officer") shall not exceed 100,000 shares for any fiscal year during which he serves as an Executive Officer.

(b) No Grant may be made after February 19, 2008.

(c) All grants and any exercises of Grants are conditioned upon stockholder approval of the Plan as described in Section 9.2.

(d) If there is a merger, consolidation, stock dividend, split-up, combination or exchange of shares, recapitalization or change in capitalization with respect to Stock, or any other corporate action with respect to Stock which, in the opinion of the Board, adversely affects the relative value of a Grant, the number of shares and the exercise price (in the case of an Option) of any Grant which is outstanding at the time of that event will be adjusted by the Board to the extent necessary to remedy the adverse effect on the Grant's value.

3.2. (a) The terms of each Grant will be set out in a written agreement.

(b) Subject to the applicable provisions of Article IV, VI, VI or VII, a Grant may contain any terms and conditions which the Board determines, as long as they are consistent with the provisions of the Plan. Such terms may, without limitation, include provisions that Grants shall terminate upon termination of employment in specified circumstances.

ARTICLE IV
OPTIONS

4.1. The terms of each Option must include the following:

(i) The name of the Recipient.

(ii) The number of shares which are subject to the Option.

(iii) The term over which the Option may be exercised.

(iv) A requirement that the Option is not transferable by the

Recipient except by will or the laws of descent and distribution and that, during his lifetime, it is exercisable only by him. Provided that, subject to the approval of the Board, an Option may be transferable as permitted under 17 C.F.R. sec. 240.16b-3 and 5, as long as such transfers are made to one or more of the following: family members, including children of the Recipient, the spouse of the Recipient, or grandchildren of the Recipient, trusts for such family members or charities ("Transferees"), and provided that such transfer is a bona fide gift and accordingly, the Recipient receives no consideration for the transfer, and that the Options transferred continue to be subject to the same terms and conditions that were applicable to the Options immediately prior to the transfer. In the event of such a transfer, the Transferee may not subsequently transfer this Option. The designation of a beneficiary shall not constitute a transfer.

(v) A statement of whether the Option is intended to be an "incentive stock option" under Section 422 of the Code or a "nonqualified stock option".

4.2. An Option which is intended to be an incentive stock option under Section 422 of the Code must contain the following terms:

(i) The exercise price per share must be at least 100% of the Stock's Fair Market Value on the date the Option is granted.

(ii) The aggregate Fair Market Value (as of the date the Option is granted) of Stock with respect to which incentive stock options are exercisable for the first time by the Recipient during any calendar year (under all stock option plans of the Employers) may not exceed $100,000.

(iii) The term over which the Option may be exercised may never exceed ten years from the date of Grant.

(iv) If the Recipient, at the time the option is granted, owns 10% or more of the voting stock of an Employer (including Stock which he is deemed to own under Section 424(d) of the Code), the exercise price must be at least 110% of the Stock's Fair Market Value as of the Option's date of grant, and the term of the Option may not be more than five years from the date of grant.

4.3. (a) An Option may be exercised, in whole or part, at any time during its term, subject to any specific conditions in the Option's terms and any rules adopted by the Board for the exercise of Options.

(b) A Recipient may pay the exercise price of an Option in cash or, in the Board's discretion, in shares of Stock owned by him (valued at Fair Market Value), with a note payable to the Company, or in a combination of cash, notes and shares of Stock.

(c) The following rules apply to the exercise of Options:

(i) If a Recipient dies, any Option may, to the extent it was exercisable at his death, be exercised by his estate, within one year after his date of death or such shorter period as the Option may provide.

(ii) If a Recipient terminates employment because he has become permanently and totally disabled, he may exercise any Option to the extent it was exercisable at his termination of employment, but only within one year after his termination of employment or such shorter period as the Option may provide.

(iii) If a Recipient terminates employment for any reason other than death or permanent and total disability, he may exercise any Option to the extent it was exercisable at his termination of employment, but only within three months after his termination of employment or such shorter or longer period as the Option may provide.

(iv) Subparagraph (i), (ii) or (iii) can never operate to make an Option exercisable beyond the term for which it was granted.

(d) To the extent an Option is not exercised before the expiration of its term or before the expiration of any shorter exercise period under paragraph (c), it will be canceled.

ARTICLE V
STOCK APPRECIATION RIGHTS

5.1. The terms of each Grant of Stock Appreciation Rights must include the following:

(i) The name of the Recipient.

(ii) The number of Stock Appreciation Rights which are being granted.

(iii) The term over which the Stock Appreciation Rights may be exercised. This term may never exceed ten years from the date of Grant.

(iv) A description of any events which will cause cancellation of the Stock Appreciation Rights before the end of the term described in subparagraph (iii).

(v) Whether or not the Stock Appreciation Rights are issued in tandem with any Option, and, if so, the manner in which the Recipient's exercise of one affects his right to exercise the other.

(vi) A requirement that the Stock Appreciation Rights are not transferable by the Recipient except by will or the laws of descent and distribution and that during his lifetime such Rights are exercisable only by him.

5.2. Stock Appreciation Rights which are issued in tandem with an Option which is intended to be an incentive stock option under Section 422 of the Code must contain the following terms:

(i) They will expire no later than at the expiration of the Option.

(ii) Payment under the Stock Appreciation Rights may not exceed 100% of the difference between the exercise price of the Option and the Fair Market Value of Stock on the date the Stock Appreciation Rights are exercised.

(iii) They are transferable only when the Option is transferable, and under the same conditions.

(iv) They are exercisable only when the Option is exercisable.

(v) They may only be exercised when the Fair Market Value of Stock exceeds the exercise price of the Option.

5.3. (a) Stock Appreciation Rights may be exercised at any time during their term, subject to Section 5.2., to any specific conditions in their terms and to any rules adopted by the Board for the exercise of Stock Appreciation Rights.

(b) Determination of the form of payment upon exercise of a Stock Appreciation Right (cash, Stock or a combination of cash and Stock) is solely in the discretion of the Board.

ARTICLE VI

RESTRICTED STOCK

6.1. The terms of each Grant of Restricted Stock must include the following:

(i) The name of the Recipient.

(ii) The number of shares of Restricted Stock which are being granted.

(iii) Whether the Recipient must pay any amount in connection with the Grant and if so, the amount and terms of that payment. Such amount shall not exceed 10% of the Fair Market Value of the Restricted Stock at the time the Grant is made, and may be such lesser amount as shall be determined by the Board.

(iv) A description of the restrictions applicable to the Grant and the conditions on which the restriction may be removed.

ARTICLE VII
PERFORMANCE STOCK

7.1. The terms of each grant of Performance Stock must include the following:

(i) The name of the Recipient.

(ii) The number of shares of Performance Stock which are being granted.

(iii) The details of the applicable performance period, if any, and performance criteria, if any.

(iv) Whether the Recipient must pay any amount in connection with the Grant and if so, the amount and terms of that payment.

ARTICLE VIII
ADMINISTRATION

8.1. Subject to Section 3.l(a) hereof, the complete authority to control and manage the operation and administration of the Plan is placed in the Board.

8.2. Subject to Section 3.l(a) hereof, the Board has all authority which is necessary or appropriate for the operation and administration of the Plan, including the following:

(a) To make Grants and determine their terms, subject to the provisions of the Plan.

(b) To interpret the provisions of the Plan.

(c) To adopt any rules, procedures and forms necessary for the operation and administration of the Plan which are consistent with its provisions.

(d) To determine all questions relating to the eligibility and other rights of all persons under the Plan.

(e) To keep all records necessary for the operation and administration of the Plan.

(f) To designate or employ agents and counsel (who may also be employed by an Employer) to assist in the administration of the Plan.

(g) To cause any shares of Stock acquired by a Recipient through exercise of a Grant to be recorded on the Company's records in the

Recipients' name, and to cause such shares to be issued to the Recipient or to his brokerage account, as he elects.

(h) To cause any withholding of tax required in connection with a Grant to be made.

ARTICLE IX
AMENDMENT AND TERMINATION

9.1. The Plan may be amended or terminated at any time by action of the Board. However, no amendment may, without stockholder approval:

(i) increase the aggregate number of shares available for Grants (except to reflect an event described in section 2.2); or

(ii) extend the term of the Plan; or

(iii) change the definition of Eligible Employee for purposes of the Plan.

9.2. If the Plan is not, within twelve months of its Effective Date, approved by a majority of the shares voted at a regular or special meeting of the Company's stockholders, the Plan will terminate and all Grants made under it will be canceled.

9.3. No amendment or termination of the Plan (other than termination under Section 9.2.) may adversely modify any person's rights under an Option unless he consents to the modification in writing.

ARTICLE X
MISCELLANEOUS

10.1. Neither the provisions of this Plan, nor the fact that a Recipient receives a Grant will constitute or be evidence of a contract of employment, position or compensation level, or give such Recipient any right to continued employment with the Employer. Neither the provisions of this Plan nor the fact that a Recipient receives a Grant will be construed as the Company's guarantee of the tax effects for the Recipient of the receipt of a Grant, transfer of the same, exercise of the same, or the retention or sale of the underlying Stock.

10.2. If any provision of this Plan is held illegal or invalid for any reason, such illegality or invalidity will not affect the remaining provisions. Instead, each provision is fully severable and this Plan will be construed and enforced as if any illegal or invalid provision had never been included.

10.3. Except as provided in federal law, the provisions of the Plan will be construed in accordance with the laws of Delaware, without giving effect to principles of conflicts of laws.

<ARTICLE>	5	
<PERIOD-TYPE>	12-MOS	
<FISCAL-YEAR-END>		JAN-02-1999
<PERIOD-END>		JAN-02-1999
<CASH>		6,768
<SECURITIES>		0
<RECEIVABLES>		21,242
<ALLOWANCES>		0
<INVENTORY>		20,456
<CURRENT-ASSETS>		52,302
<PP&E>		38,506
<DEPRECIATION>		15,910
<TOTAL-ASSETS>		96,591
<CURRENT-LIABILITIES>		21,693
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		110
<OTHER-SE>		44,624
<TOTAL-LIABILITY-AND-EQUITY>		96,591
<SALES>		132,320
<TOTAL-REVENUES>		132,320
<CGS>		96,082
<TOTAL-COSTS>		96,082
<OTHER-EXPENSES>		36,578
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		2,916
<INCOME-PRETAX>		(4,195)
<INCOME-TAX>		(211)
<INCOME-CONTINUING>		(3,984)
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		(3,984)
<EPS-PRIMARY>		(0.37)
<EPS-DILUTED>		(0.37)