FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended June 30, 2001

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 (State or Other Jurisdiction of Incorporation or Organization)	**36-3352497** (I.R.S. Employer Identification No.)
1400 Toastmaster Drive, Elgin, Illinois (Address of Principal Executive Offices)	**60120** (Zip Code)
Registrant's Telephone No., including Area Code	**(847) 741-3300**

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 twelve (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 [__]

As of August 10, 2001, there were 8,981,422 shares of the registrant's common stock outstanding.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

QUARTER ENDED JUNE 30, 2001

INDEX

PART I. FINANCIAL INFORMATION

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Amounts)

	(Unaudited) Jun. 30, 2001	Dec. 30, 2000
ASSETS		
Cash and cash equivalents	$ 4,580	$ 2,094
Accounts receivable, net	15,633	18,879
Inventories, net	19,394	18,372
Prepaid expenses and other	1,494	976
Current deferred taxes	4,160	4,141
Total current assets	45,261	44,462
Property, plant and equipment, net of accumulated depreciation of $21,546 and $20,189	17,866	18,968
Excess purchase price over net assets acquired, net of accumulated amortization of $7,843 and $7,391	12,604	13,056
Deferred taxes	—	1,224
Other assets	1,218	600
Total assets	$ 76,949	$ 78,310
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current maturities of long-term debt	13	$ 249
Accounts payable	5,738	7,211
Accrued expenses	14,090	17,918
Total current liabilities	19,841	25,378
Long-term debt	12,053	8,290
Retirement benefits and other non-current liabilities	6,082	7,181
Shareholders' equity:		
Preferred stock, $.01 par value; nonvoting; 2,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value; 20,000,000 shares authorized; 11,021,896 issued in 2001 and 2000	110	110
Paid-in capital	53,667	53,585
Treasury stock at cost; 2,042,974 and 2,015,409 shares in 2001 and 2000, respectively	(11,950)	(11,777)
Accumulated deficit	(1,442)	(2,665)
Accumulated other comprehensive income	(1,412)	(1,792)
Total shareholders' equity	38,973	37,461
Total liabilities and shareholders' equity	$ 76,949	$ 78,310

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
Net sales	$25,293	$32,375	$50,040	$64,849
Cost of sales	17,059	22,350	33,634	43,610
Gross profit	8,234	10,025	16,406	21,239
Selling and distribution expenses	3,561	4,227	7,178	8,256
General and administrative expenses	2,425	3,513	5,143	8,054
Income from operations	2,248	2,285	4,085	4,929
Interest expense and deferred financing amortization	178	482	333	959
Other expense, net	398	255	596	541
Earnings before income taxes	1,672	1,548	3,156	3,429
Provision for income taxes	996	907	1,931	2,298
Net earnings	$ 676	$ 641	$ 1,225	$ 1,131
Net earnings per share:				
Basic	$ 0.08	$ 0.06	$ 0.14	$ 0.11
Diluted	$ 0.08	$ 0.06	$ 0.14	$ 0.11
Weighted average number of shares:				
Basic	8,981	10,177	8,987	10,181
Diluted	8,998	10,338	9,006	10,348

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Six Months Ended	
	Jun. 30, 2001	Jul. 1, 2000
Cash flows from operating activities-		
Net earnings	$ 1,225	$ 1,131
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	1,855	1,888
Utilization of NOL’s	1,205	1,065
Changes in assets and liabilities-		
Accounts receivable	3,147	2,881
Inventories	(1,254)	264
Prepaid expenses and other assets	(1,135)	15
Accounts payable	(1,412)	(1,139)
Accrued expenses and other liabilities	(4,331)	103
Net cash provided by (used in) operating		

activities	(700)	6,208
Cash flows from investing activities-		
Net additions to property and equipment	(271)	(271)
Net cash (used in) investing activities	(271)	(271)
Cash flows from financing activities-		
Proceeds (repayments) under intellectual property lease	—	(1,931)
Increase (decrease) in revolving credit line, net	3,717	(861)
Repurchase of treasury stock	(173)	(122)
Other financing activities, net	9	—
Net cash provided by (used in) financing activities	3,553	(2,914)
Effect of exchange rates on cash	(96)	24
Changes in cash and cash equivalents-		
Net increase in cash and cash equivalents	2,486	3,047
Cash and cash equivalents at beginning of year	2,094	14,536
Cash and cash equivalents at end of quarter	$ 4,580	$ 17,583
Interest paid	$ 232	$ 1,243
Income taxes paid	$ 325	$ 256

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2001
(Unaudited)

1) Summary of Significant Accounting Policies

The financial statements have been prepared by The Middleby Corporation (the "company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the company believes that the disclosures are adequate to make the information not misleading. These financial statements should be read in conjunction with the financial statements and related notes contained in the company's 2000 Annual Report. Other than as indicated herein, there have been no significant changes from the data presented in said Report.

In the opinion of management, the financial statements contain all adjustments necessary to present fairly the financial position of the company as of June 30, 2001 and December 30, 2000, and the results of operations for the six months ended June 30, 2001 and July 1, 2000 and cash flows for the six months ended June 30, 2001 and July 1, 2000.

2) New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133 “Accounting for Deriative Instruments and Hedging Activities.” This standard requires that an entity recognize deriatives as either assets or liabilities on its balance sheet and measure those instruments at fair value. SFAS No. 137 amended the effective date of SFAS No. 133 to being effective for fiscal years beginning after June 15, 2000. As a result, the company has adopted the requirements of SFAS No. 133 in the first quarter of the fiscal year 2001. Based on current circumstances, the adoption of SFAS No. 133 did not have a material effect on the financial position or results of operations for the company in the first or second quarter of 2001.

3) Comprehensive Income

The company reports changes in equity during a period, except those resulting from investment by owners and distribution to owners, in accordance with Statement of Financial Accounting Standards No. 130, “Reporting Comprehensive Income” (SFAS No. 130).

Components of comprehensive income were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
Net earnings	$ 676	$ 641	$ 1,225	$ 1,131
Cumulative translation adjustment	312	(316)	380	82
Comprehensive income	$ 988	$ 325	$ 1,605	$ 1,213

4) Inventories

Inventories are valued using the first-in, first-out method.

Inventories consist of the following:

	Jun. 30, 2001	Dec. 30, 2000
	(In thousands)	
Raw materials and Parts	$ 5,515	$ 5,515
Work-in-process	3,293	3,985
Finished goods	10,586	8,872
	$19,394	$18,372

5) Accrued Expenses

Accrued expenses consist of the following:

	Jun. 30, 2001	Dec. 30, 2000
	(In thousands)	
Accrued payroll and related expenses	$ 3,383	$ 6,253
Accrued customer rebates	1,865	3,479
Accrued commissions	896	925
Accrued warranty	1,270	1,449
Other accrued expenses	6,676	5,812
	$14,090	$17,918

6) Segment Information

The company operates in two reportable business segments defined by management reporting structure and operating activities.

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 Distribution	Corporate and Other(1)	Eliminations(2)	Total
Three months ended June 30, 2001					
Net sales	$23,787	$ 4,820	$ —	$(3,314)	$25,293
Operating income (loss)	2,999	(337)	(414)	—	2,248
Depreciation expense	615	43	50	—	708
Capital expenditures	48	(24)	—	—	24
Six months ended June 30, 2001					
Net sales	$47,446	$ 10,184	$ —	$(7,590)	$50,040
Operating income (loss)	5,563	(532)	(1,046)	100	4,085
Depreciation expense	1,223	82	98	—	1,403
Capital expenditures	122	6	143	—	271
Total assets	55,941	16,977	15,013	(10,982)	76,949
Long-lived assets	18,407	1,048	12,233	—	31,688
Three months ended July 1, 2000					
Net sales	$29,450	$ 7,910	$ —	$(4,985)	$32,375
Operating income (loss)	3,626	(30)	(1,475)	164	2,285
Depreciation expense	602	53	59	—	714
Capital expenditures	124	24	—	—	148
Six months ended July 1, 2000					
Net sales	$58,406	$ 16,685	$ (11)	$(10,231)	$64,849
Operating income (loss)	8,112	58	(3,371)	130	4,929
Depreciation expense	1,226	93	117	—	1,436
Capital expenditures	227	39	5	—	271
Total assets	56,366	16,746	34,183	(10,982)	96,313
Long-lived assets	20,075	597	15,161	—	35,833

(1) Includes 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 major geographic region including those sales from the Cooking Systems Group direct to international customers, were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
United States	$18,028	$23,862	$34,623	$47,591
Asia	3,254	3,050	6,452	5,497
Europe and Middle East	1,935	2,435	4,542	5,319
Latin America	1,275	2,022	2,510	4,551
Canada	801	1,006	1,913	1,891
Total International	7,265	8,513	15,417	17,258
Net Sales	$25,293	$32,375	$50,040	$64,849

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited).

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; 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). Any forward looking statements contained in this report speak only as of the date of this filing. The company undertakes no obligation to update publicly any forward looking information, whether as a result of new information, future events or otherwise.

Net Sales Summary

	Three Months Ended				Six Months Ended			
	June 30, 2001		July 1, 2000		June 30, 2001		July 1, 2000	
	Sales	Percent	Sales	Percent	Sales	Percent	Sales	Percent
Business Divisions								
Conveyor oven equipment	$ 9,882	39.1	$ 12,774	39.5	$ 19,060	38.1	$ 26,340	40.6
Counterline cooking equipment	2,931	11.6	3,053	9.4	5,746	11.4	6,217	9.6
Core cooking equipment	9,640	38.1	12,259	37.9	19,807	39.6	23,632	36.4
International specialty equipment	1,334	5.2	1,364	4.2	2,833	5.7	2,217	3.4
Total Cooking Systems Group	23,787	94.0	29,450	91.0	47,446	94.8	58,406	90.0
International Distribution (1)	4,820	19.1	7,910	24.4	10,184	20.4	16,685	25.7
Intercompany sales (2)	(3,314)	(13.1)	(4,985)	(15.4)	(7,590)	(15.2)	(10,231)	(15.7)
Other	—	—	—	—	—	—	(11)	—
Total	$ 25,293	100.0	$ 32,375	100.0	$ 50,040	100.0	$ 64,849	100.0

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

(2) Consists primarily of the elimination of sales to the company's International Distribution Division from Cooking Systems Group.

Results of Operations

The following table sets forth certain consolidated statements of earnings items as a percentage of net sales for the periods.

	Three Months Ended		Six Months Ended	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	67.4%	69.0%	67.2%	67.2%
Gross profit	32.6%	31.0%	32.8%	32.8%
Selling, general and administrative expenses	23.7%	23.9%	24.6%	25.2%
Income from operations	8.9%	7.1%	8.2%	7.6%

Interest expense and deferred financing amortization, net	0.7%	1.5%	0.7%	1.5%
Other (income) expense, net	1.6%	0.8%	1.2%	0.8%
Earnings before income taxes	6.6%	4.8%	6.3%	5.3%
Provision for income taxes	3.9%	2.8%	3.9%	3.6%
Net earnings	2.7%	2.0%	2.4%	1.7%

Three Months Ended June 30, 2001 Compared to Three Months Ended July 1, 2000

NET SALES. Net sales in the three-month period ended June 30, 2001 decreased 22% to $25.3 million as compared to $32.4 million in the three-month period ended July 1, 2000.

Sales of the Cooking Systems Group for the three-month period ended June 30, 2001 decreased 19% to $23.8 million from $29.5 million in the prior year. Within the Cooking Systems Group, sales of conveyor oven equipment declined by 23%, sales of core cooking equipment declined by 21% and sales of counterline equipment declined by 4%. Sales of all product lines were impacted by the slowdown in the U.S. and international economies. Additionally, sales of conveyor oven equipment were adversely impacted by the slowdown in store openings of certain major restaurant chain customers.

Sales of the International Distribution Division decreased 39% to $4.8 million from $7.9 million in the previous year period. The lower sales level reflects the slowdown of international expansion of major restaurant chains, the strengthening of the U.S. dollar and the slowdown of certain international economies affected by the U.S. market.

GROSS PROFIT. Gross profit decreased to $8.2 million from $10.0 million in the prior year period as a result of the reduced sales volumes. Gross margin rate increased to 32.6% in the quarter from 31.0% in the prior year quarter. The increase in the gross margin rate reflects significant improvement at the company’s manufacturing operation in the Philippines resulting from a more favorable cost structure and mix of higher margin product sales. Domestically, the company instituted pricing controls and programs in the second half of last year, which have favorably impacted the gross margin rate. These improvements were largely offset by lower manufacturing efficiencies at the U.S. operations that have resulted from the large decrease in production volumes.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses decreased 23% to $6.0 million as compared to $7.7 million in the prior year period. The reduction in expenses reflects a combination of savings from a lower cost structure resulting from prior year restructuring efforts, tightened controls on discretionary spending implemented during the slowdown, and lower variable expenses related to sales such as commissions and incentive compensation. The company has also reduced employee headcount during 2001 as a result of the lower business volumes.

INTEREST AND DEFERRED FINANCING AMORTIZATION. Net financing costs decreased to $0.2 million from $0.5 million in the prior year as a result of reduced interest expense on lower outstanding debt.

OTHER EXPENSE. Other expenses were $ 0.4 million in the current year and $0.3 million in the prior year. The increase from the prior year largely relates to exchange losses at the company’s operations in Asia and Europe, resulting from the strengthening of the U.S. Dollar.

INCOME TAXES. A tax provision of $1.0 million, at an effective rate of 60%, was recorded during the quarter, primarily associated with taxable income reported at the company’s operations in the United States and Europe. No benefit was recognized for losses at international subsidiaries within Asia.

Six Months Ended June 30, 2001 Compared to Six Months Ended July 1, 2000

NET SALES. Net sales in the six-month period ended June 30, 2001 decreased 23% to $50.0 million as compared to $64.8 million in the six-month period ended July 1, 2000.

Sales of the Cooking Systems Group for the six-month period ended June 30, 2001 decreased 19% to $47.4 million from $58.4 million in the prior year. Within the Cooking Systems Group, sales of conveyor oven equipment declined by 28%, sales of core cooking equipment declined by 16% and sales of counterline equipment declined by 8%. Sales of all product lines were impacted by the slowdown in the U.S. and international economies. Additionally, sales of conveyor oven equipment were adversely impacted by the temporary slowdown in store openings of certain major restaurant chain customers. Sales of international specialty equipment increased 28% due to increased sales to a new Philippines based restaurant chain customer and the development of new products for the Asian market.

Sales of the International Distribution Division decreased 39% to $10.2 million from $16.7 million in the previous year period. The lower sales level reflects the slowdown of international expansion of major restaurant chains, the strengthening of the U.S. dollar and the slowdown of certain international economies affected by the U.S. market.

GROSS PROFIT. Gross profit decreased to $16.4 million from $21.2 million in the prior year period due to the reduction in sales volumes. As a percentage of sales, the gross margin rate of 32.8% remained constant with the prior year period as the impact of a more favorable product mix and improved product pricing controls were offset by lower manufacturing efficiencies resulting from the reduced production volumes.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses decreased 24% to $12.3 million as compared to $16.3 million in the prior year period. The reduction in expenses reflects a combination of savings from a lower cost structure resulting from prior year restructuring efforts, tightened controls on discretionary spending implemented during the slowdown, and lower variable expenses related to sales such as commissions and incentive compensation. Additionally, the company reduced headcount by 10% in the first half of the year in reaction to the lower sales levels.

INTEREST AND DEFERRED FINANCING AMORTIZATION. Net financing costs decreased to $0.3 million from $1.0 million in the prior year as a result of reduced interest expense on lower outstanding debt.

OTHER EXPENSE. Other expenses were $0.6 million in the current year and $0.5 million in the prior year. The expense largely relates to exchange losses at the company's operations in Asia and Europe.

INCOME TAXES. A tax provision of $1.9 million, at an effective rate of 61%, was recorded during the quarter, primarily associated with taxable income reported at the company's operations in the United States and Europe. No benefit was recognized for losses at international subsidiaries within Asia.

Financial Condition and Liquidity

During the six months ended June 30, 2001, cash and cash equivalents increased by $2.5 million to $4.6 million at June 30, 2001 from $2.1 million at December 30, 2000. Net borrowings increased from $8.5 million at December 30, 2000 to $12.1 million at June 30, 2001.

OPERATING ACTIVITIES. Net cash provided by operating activities before changes in assets and liabilities was $4.3 million in the six months ended June 30, 2001 as compared to $4.1 million in the prior year period. Net cash used by operating activities after changes in assets and liabilities was $0.7 million as compared to net cash provided of $6.2 million in the prior year period.

During the six months ended June 30, 2001, accounts receivable decreased $3.1 million due to lower sales. Inventories increased $1.3 million due to the introduction of new products and higher inventory levels resulting from lower than expected sales. Prepaid expenses and other assets increased $1.1 million due in part to payments related to annual insurance programs which were renewed in the second quarter. Accounts payable decreased $1.4 million due to lower inventory purchases. Accrued expenses and other liabilities decreased $4.3 million primarily as a result of payments under annual customer rebate programs and the payment of annual incentive compensation obligations. Additionally, during the second quarter, the company settled its pension obligation to its retired President and Chief Executive Officer with a net payment of approximately $1.8 million.

INVESTING ACTIVITIES. During the six months ending June 30, 2001, the company had capital expenditures of $0.3 million.

FINANCING ACTIVITIES. Net borrowings under the revolving line of credit increased by $3.7 million during the six months ending June 30, 2001. The net borrowings during the first half of the year were used primarily to fund operating activities.

At June 30, 2001, the company was in compliance with covenants pursuant to its revolving credit facility. 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

International Exposure

The company has manufacturing operations located in Asia and distribution operations in Asia, Europe and Latin America. The company's operations are subject to the impact of economic downturns, political instability, and foreign trade restrictions, which may adversely affect the financial results. The company anticipates that international sales will continue to account for a significant portion of consolidated net sales in the foreseeable future. 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 U.S. dollar sales and earnings. Additionally, foreign currency exposures are not fully hedged and there can be no assurances that the company's future results of operations will not be adversely affected by currency fluctuations.

Derivative Financial Instruments

The company uses derivative financial instruments, principally foreign currency forward purchase and sale contracts with terms of less than one year, to hedge its exposure to changes in foreign currency exchange rates. The company's primary exposure to changes in foreign currency rates results from intercompany loans made between Middleby affiliates to minimize the need for borrowings from third parties. The company does not currently enter into derivative financial instruments for speculative purposes. In managing its foreign currency exposures, the company identifies and aggregates naturally occurring offsetting positions and then hedges residual exposures. The following table summarizes the forward and option purchase contracts outstanding at June 30, 2001 entered into to hedge the aforementioned exposures:

Sell	Purchase	Maturity
1,200,000 Euro	$999,240 U.S. Dollars	September 13, 2001
700,000 Euro	$595,157 U.S. Dollars	September 17, 2001
467,250,000 South Korean Won	$350,000 U.S. Dollars	July 16, 2001
600,000,000 South Korean Won	$455,927 U.S. Dollars	September 25, 2001
18,287,500 Taiwan Dollar	$550,000 U.S. Dollars	July 16, 2001
16,675,000 Taiwan Dollar	$500,000 U.S. Dollars	July 23, 2001
25,000,000 Taiwan Dollar	$709,421 U.S. Dollars	September 26, 2001

Interest Rate 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.

Twelve Month Period Ending	Fixed Rate Debt	Variable Rate Debt
	(In thousands)	
June 30, 2002	$ 13	$ —
June 30, 2003	—	—
June 30, 2004	—	12,053
	$ 13	$12,053

Variable rate debt is comprised of borrowings under the company's $20.0 million revolving credit line, which includes a $2.3 million Yen denominated loan and a $9.8 million U.S. dollar denominated loan. Interest under the unsecured revolving credit facility is assessed based upon the bank's reference rate in each respective country. The interest rate assessed to the Yen and U.S. denominated loans at June 30, 2001 were 0.8% and 4.9%, respectively.

PART II. OTHER INFORMATION

The company was not required to report the information pursuant to Items 1 through 6 of Part II of Form 10-Q for the three months ended June 30, 2001, except as follows:

Item 2. Changes in Securities

c) During the second quarter of fiscal 2001, the company issued 1,250 shares of the company's common stock to a division executive, pursuant to the exercise of stock options, for $6,562.50. Such options were granted at an exercise price of $5.25 per share. As certificates for the shares were legended and stop transfer instructions were given to the transfer agent, the issuance of such shares was exempt under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof, as transactions by an issuer not involving a public offering.

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

On May 17, 2001, the company held its 2001 Annual Meeting of Stockholders. The following persons were elected as directors to hold office until the 2002 Annual Meeting of Stockholders: Selim A. Bassoul, Robert R. Henry, A. Don Lummus, John R. Miller III, Philip G. Putnam, David P. Riley, Sabin C. Streeter, William F. Whitman, Jr., Laura B. Whitman and Robert L. Yohe. The number of shares cast for, withheld and abstained with respect to each of the nominees were as follows:

Nominee	For	Withheld	Abstained
Bassoul	6,722,230	9,659	0
Henry	6,706,084	25,805	0
Lummus	6,718,114	13,775	0
Miller	6,718,214	13,675	0
Putnam	6,718,484	13,405	0
Riley	6,662,545	69,344	0
Streeter	6,680,414	51,475	0
Whitman, W	6,718,514	13,375	0
Whitman, L	6,631,859	60,030	0
Yohe	6,705,984	25,905	0

The stockholders also voted to approve the ratification of the selection of Arthur Andersen LLP as independent auditors for the Company for the fiscal year ending December 29, 2001. 6,708,764 shares were cast for such election, 5,003 shares were cast against such election, and 18,122 shares abstained. Additionally, the stockholders voted to ratify The Middleby Corporation Management Incentive Plan. 4,670,685 shares were cast for ratification, 170,735 shares were cast against ratification and 11,448 shares abstained. There were no broker non-votes with respect to either of these proposals.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits – The following Exhibits are filed herewith:

Exhibit 10(A) – Employment Agreement of Selim A. Bassoul, dated May 16, 2001.

Exhibit 10(B) – Employment Agreement of David B. Baker, dated June 7, 2001.

Exhibit 10(C) - Executive compensation program agreement for Selim A. Bassoul, dated March 1, 2001.

Exhibit 10(D) – Secured Promissory Note between Selim A. Bassoul and the company, dated March 1, 2001.

b) There were no reports filed on Form 8-K during the second quarter of 2001.

SIGNATURE

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

THE MIDDLEBY CORPORATION
(Registrant)

Date: August 14, 2001

By:/s/ David B. Baker
David B. Baker
Vice President,
Chief Financial Officer and Secretary

Exhibit 10.A

CONFIDENTIAL

THE MIDDLEBY CORPORATION
SEVERANCE AGREEMENT

The Middleby Corporation ("Middleby") and Selim A. Bassoul ("Employee") enter into this severance agreement on this 16th day of May 2001. In recognition of the Employee's past and continued service to The Middleby Corporation, Middleby agrees to provide the Employee with two years of base salary severance and two years of normal employer provided health insurance in the event of the Employee's involuntary termination of employment from Middleby for any reason other than Cause. Cause shall mean gross negligence, willful misconduct, breach of fiduciary duty involving personal profit, substance abuse, or commission of a felony.

This two-year base salary severance and health insurance guarantee to the Employee will also be in effect in the event of a Change of Control of Middleby and shall be considered a liability of the successor owner of Middleby. In the event of a Change of Control of Middleby, Employee shall have the right at any time within the six-month period immediately following the Change of Control to terminate his employment by providing written notice to Middleby or its Successor. Upon providing such notice of termination Employee shall be entitled to receive two years of base salary severance and two years of normal employer provided health insurance. For purposes of this agreement a Change of Control shall mean any twenty-five percentage point increase in the percentage of outstanding voting securities of The Middleby Corporation hereafter held by any person or group of persons who agree to act together for the purpose of acquiring, holding, voting, or disposing of such voting securities as compared to the percentage of outstanding voting securities of The Middleby Corporation held by such person or group of persons on the date hereof.

Example: On May 16, 2001 individual A owns 2.42% of the total outstanding voting securities of The Middleby Corporation. Thereafter, individual A commences a series of open market and private purchases, and on September 16, 2001 for the first time his holdings exceed 27.42% of the outstanding voting securities of The Middleby Corporation. A Change of Control occurs on September 16, 2001.

This agreement expires three years from the date first above written.

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Selim A. Bassoul

THE MIDDLEBY CORPORATION

By: _____________________________
William F. Whitman, Jr., Chairman

Exhibit 10.B

CONFIDENTIAL

THE MIDDLEBY CORPORATION
SEVERANCE AGREEMENT

The Middleby Corporation ("Middleby") and David B. Baker ("Employee") enter into this severance agreement on this 7th day of June 2001. In recognition of the Employee's past and continued service to The Middleby Corporation, Middleby agrees to provide the Employee with one year of base salary severance and one year of normal employer provided health insurance in the event of the Employee's involuntary termination of employment from Middleby for any reason other than Cause. Cause shall mean gross negligence, willful misconduct, breach of fiduciary duty involving personal profit, substance abuse, or commission of a felony.

This one-year base salary severance and health insurance guarantee to the Employee will also be in effect in the event of a Change of Control of Middleby and shall be considered a liability of the successor owner of Middleby. In the event of a Change of Control of Middleby, Employee shall have the right at any time within the six-month period immediately following the Change of Control to terminate his employment by providing written notice to Middleby or its Successor. Upon providing such notice of termination Employee shall be entitled to receive one-year of base salary severance and one year of normal employer provided health insurance. For purposes of this agreement a Change of Control shall mean any twenty-five percentage point increase in the percentage of outstanding voting securities of The Middleby Corporation hereafter held by any person or group of persons who agree to act together for the purpose of acquiring, holding, voting, or disposing of such voting securities as compared to the percentage of outstanding voting securities of The Middleby Corporation held by such person or group of persons on the date hereof.

Example: On June 7, 2001 individual A owns 2.42% of the total outstanding voting securities of The Middleby Corporation. Thereafter, individual A commences a series of open market and private purchases, and on October 7, 2001 for the first time his holdings exceed 27.42% of the outstanding voting securities of The Middleby Corporation. A Change of Control occurs on October 7, 2001.

This agreement expires two years from the date first above written.

Agreed: __________________________________ David B. Baker, VP and Chief Financial Officer

For Middleby: _____________________________ Selim A. Bassoul, President and CEO

Interoffice Memo

Date: 03/01/2001

To: Selim Bassoul

CC: WFW

From: David B. Baker

Selim,

Below outlines the content of the special executive compensation program that is offered to you.

1. The term of this program is 3 years. Expiring with the end of fiscal year 2003.

2. The company will transfer to you, at $6.00 per share, 50,000 shares of TMC common stock.

3. The company will loan you the funds necessary to make the above purchase, secured by the stock and personally payable by you to the company subject to the provisions outlined below.

4. This stock will be owned by you, but held by the company.

5. This stock will be restricted and subject to rule 144 as you are an officer of the company and considered an insider. The holding period of this stock begins when and as the note is forgiven and the stock is released from the pledge.

6. Interest on your loan will be calculated at the higher of, the rates paid to those employees participating in the deferred compensation plan, or, the minimum IRS rate allowed by law.

7. Any sale of the stock will be for your account and subject to taxes paid which will be your responsibility.

8. The amount of your loan, plus interest, will be retired by the company (special bonus) if your performance meets or exceeds the "Earnings Before Taxes" targets listed below:

A: For fiscal year 2001, Earnings Before Taxes, for the corporation, must equal or exceed $ 1.20 per share.

B: For fiscal year 2002, Earnings Before Taxes, for the corporation, must equal or exceed $ 1.50 per share.

C: For fiscal year 2003, Earnings Before Taxes, for the corporation, must equal or exceed $ 1.75 per share

9. Your "special bonus" will be calculated and paid as follows:

   a. If you meet or exceed your performance goals in a given year, the company will retire, 1/3 of the remaining balance of the principal and interest of your loan in year one, 50% of the remaining balance of your loan in year two, and the remaining balance of your loan in year three.

   b. If you did not meet your objective, but your cumulative actual performance equaled or exceeded the cumulative objective, the company will retire the remaining balance of the principal and interest of your loan according to the schedule in "a" above. If you fail to meet either of these objectives, no payment will be made.

10. If you leave the company, voluntarily, for any reason, the balance of the loan becomes due and immediately payable.

11. If you leave the company due to termination (except for cause), the balance of the loan must be repaid in 24 months.

12. If during the term of the loan, William F. Whitman sells 20% or more of his personal stock holdings in the company, your loan will be forgiven.

Example:

Performance objective:	Actual performance:
Year 2001 — EBT= $ 1.20/share	Actual performance = $ 1.30/share
Year 2002 — EBT= $ 1.50/share	Actual Performance = $ 1.45/share
Year 2003 – EBT= $ 1.75/share	Actual Performance = $ 1.75/share

Stock price at purchase $ 6.00/share —Loan value = $ 300,000

Interest rate 6.00%

EXAMPLE (cont.):

January 2002 Loan balance = $300,000 + interest ($18,000) = Total $318,000.

As Actual performance exceeded objective, bonus payment = $106,000

January 2003 Loan balance = $212,000 + interest ($12,720) = Total $224,720

Actual performance did not meet objectives, however cumulative actual equaled cumulative objective, bonus payment = $112,360

January 2004 Loan balance = $112,360+ interest ($6,742)= Total Actual exceeded objective, bonus payment = $119,102

Agreed ____ Dated _________

Selim Bassoul

For the Company ________________________________ Dated __________

David B. Baker – Chief Financial Officer

Exhibit 10.D

SECURED PROMISSORY NOTE

$300,000 March 01, 2001

FOR VALUE RECEIVED, the undersigned, SELIM BASSOUL ("Maker"), promises to pay to the order of MIDDLEBY MARSHALL, INC., a Delaware corporation (the "Company"), the principal sum of Three Hundred Thousand Dollars ($300,000) plus interest thereon at the rate of 6.00% per annum on the principal balance outstanding from time to time. All principal and interest, if not sooner paid, shall be and become due and payable on the Maturity Date. Unpaid interest shall compound annually on the last day of Maker's fiscal year.

Maturity Date shall mean the earliest to occur of (i) the date on which Maker voluntarily leaves the employ of the Company, (ii) the date the Company terminates Maker's employment for Cause or (iii) February 28, 2004. Notwithstanding the foregoing, if prior to December 31, 2003 the Company terminates Maker's employment without Cause, then the Maturity Date shall be the second anniversary of the date of such termination of employment. Cause shall mean personal dishonesty, gross negligence, willful misconduct, breach of fiduciary duty involving personal profit, substance abuse, or commission of a felony.

This Note is issued to implement that certain special executive compensation program offered by the Company to Maker and described in memorandum dated 03/01/2001 from David B. Baker to Maker. Maker acknowledges and agrees that no special bonus will be awarded or paid under said program for any given year unless Maker is in the employ of the Company at all times during such year.

1. Prepayment. This Note may be prepaid in whole or in part at any time or times without premium or penalty. All prepayments shall apply first to accrued but unpaid interest and the remainder to principal.

2. Pledge. To secure the obligations of Maker under this Note, Maker hereby grants to the Company a continuing first security interest in the following property of Maker: 50,000 shares of common stock of The Middleby Corporation, a Delaware corporation (the "Pledged Shares"). This Note is a purchase money note and the security interest created hereof is a purchase money security interest. Maker represents and warrants that Maker is the sole owner of the Pledged Shares free and clear of all security interests, claims or encumbrances other than the security interest granted herein. If Maker fails or refuses to pay the sums due on this Note when the same becomes due, then the Company may, at its option, in addition to any and all other remedies available to the Company, enforce the security interest securing payment thereof. In the absence of a default by Maker under this Note, Maker retains the right to receive any and all dividends declared with respect to the Pledged Shares. Maker agrees to deliver to the Company all certificates evidencing the Pledged Shares together with an assignment, duly executed in blank by Maker. Maker further agrees to execute and deliver such documents (including but not limited to a financing statement), and take such further action, as the Company may request from time to time to perfect, protect and maintain its rights and interests hereunder.

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3. Enforcement. With respect to enforcement of the security interest granted herein, the Company shall be entitled to all the rights, remedies, powers, and privileges available to secured parties and creditors under the Illinois Commercial Code and other applicable law. Maker agrees to pay all expenses incurred by the Company in any attempt to collect sums due hereunder, including but not limited to reasonable attorney's fees and expenses.

4. Partial Release. Upon payment or forgiveness from time to time of any or all of the principal balance of this Note the Company shall release its security interest in that number of Pledged Shares which bears the same ratio to the total number of Pledged Shares immediately before such payment or forgiveness as the amount of principal so paid or forgiven bears to the total principal balance of this Note immediately before such payment or satisfaction.

5. Miscellaneous. Maker hereby waives presentment and demand for payment, notice of intention to accelerate, protest and notice of protest and nonpayment. Maker's liability on this Note shall not be affected by any renewal or extension in the time of payment hereof, by any release or change in any security for the payment of this Note, and Maker hereby consents to any such renewal, extension, release or change.

6. Successors. This Note shall inure to the benefit of the Company, its successors and assigns, and shall be binding on Maker, his heirs, legatees, executors, administrators and personal representatives.

____
Selim Bassoul