**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 28, 2003**

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) | (I.R.S. Employer Identification No.) |
| **1400 Toastmaster Drive, Elgin, Illinois** | **60120** |
| (Address of Principal Executive Offices) | (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 |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act). Yes |_| No |X|

As of August 8, 2003, there were 9,033,722 shares of the registrant's common stock outstanding.

**THE MIDDLEBY CORPORATION AND SUBSIDIARIES**

**QUARTER ENDED JUNE 28, 2003**

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PART I. FINANCIAL INFORMATION

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

| | Jun. 28, 2003 | Dec. 28, 2002 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 3,912 | $ 8,378 |
| Accounts receivable, net of reserve for doubtful accounts of $3,565 and $3,494 | 31,837 | 27,797 |
| Inventories, net | 27,815 | 27,206 |
| Prepaid expenses and other | 1,365 | 1,069 |
| Current deferred taxes | 10,004 | 13,341 |
| Total current assets | 74,933 | 77,791 |
| Property, plant and equipment, net of accumulated depreciation of $27,655 and $25,788 | 26,304 | 27,500 |
| Goodwill | 74,761 | 74,761 |
| Other intangibles | 26,300 | 26,300 |
| Other assets | 1,654 | 1,610 |
| Total assets | $ 203,952 | $ 207,962 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current maturities of long-term debt | $ 13,500 | $ 14,400 |
| Accounts payable | 8,328 | 13,488 |
| Accrued expenses | 36,934 | 36,013 |
| Total current liabilities | 58,762 | 63,901 |
| Long-term debt | 67,540 | 73,562 |
| Long-term deferred tax liability | 7,878 | 7,878 |
| Other non-current liabilities | 18,048 | 17,989 |
| Stockholders' equity: | | |
| Preferred stock, $.01 par value; nonvoting; 2,000,000 shares authorized; none issued | — | — |
| Common stock, $.01 par value; 20,000,000 shares authorized; 11,036,196 and 11,028,396 issued in 2003 and 2002, respectively | 110 | 110 |
| Shareholder receivables | (200) | (200) |
| Paid-in capital | 53,927 | 53,907 |
| Treasury stock at cost; 2,002,474 shares in 2003 and 2002 | (11,705) | (11,705) |
| Retained earnings | 12,279 | 5,073 |
| Accumulated other comprehensive loss | (2,687) | (2,553) |
| Total stockholders' equity | 51,724 | 44,632 |
| Total liabilities and stockholders' equity | $ 203,952 | $ 207,962 |

See accompanying notes

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jun. 28, 2003 | Jun. 29, 2002 | Jun. 28, 2003 | Jun. 29, 2002 |
| Net sales | $ 63,595 | $ 62,478 | $ 118,362 | $ 116,969 |
| Cost of sales | 40,945 | 40,957 | 76,660 | 77,555 |
| Gross profit | 22,650 | 21,521 | 41,702 | 39,414 |
| Selling and distribution expenses | 7,780 | 7,312 | 14,942 | 14,533 |
| General and administrative expenses | 5,226 | 6,013 | 10,709 | 11,964 |
| Income from operations | 9,644 | 8,196 | 16,051 | 12,917 |
| Interest expense and deferred financing amortization | 1,623 | 3,024 | 3,337 | 6,122 |
| (Gain) loss on acquisition financing derivatives | (42) | 579 | (111) | (14) |
| Other (income) expense, net | 148 | (311) | 283 | (89) |
| Earnings before income taxes | 7,915 | 4,904 | 12,542 | 6,898 |
| Provision for income taxes | 3,318 | 2,090 | 5,336 | 3,044 |
| Net earnings | $ 4,597 | $ 2,814 | $ 7,206 | $ 3,854 |
| Net earnings per share: | | | | |
| Basic | $ 0.51 | $ 0.31 | $ 0.80 | $ 0.43 |
| Diluted | $ 0.49 | $ 0.31 | $ 0.77 | $ 0.43 |
| Weighted average number of shares: | | | | |
| Basic | 9,033 | 8,974 | 9,031 | 8,973 |
| Dilutive stock options | 320 | 108 | 294 | 58 |
| Diluted | 9,353 | 9,082 | 9,325 | 9,031 |

See accompanying notes

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

| | Six Months Ended | |
|---|---|---|
| | Jun. 28, 2003 | Jun. 29, 2002 |
| **Cash flows from operating activities-** | | |
| Net earnings | $ 7,206 | $ 3,854 |
| Adjustments to reconcile net earnings to cash provided by operating activities: | | |
| Depreciation and amortization | 2,076 | 3,711 |
| Non-cash portion of tax provision | 3,337 | (432) |
| Unrealized gain on derivative financial instruments | (111) | (14) |
| Unpaid interest on seller notes(1) | 478 | 1,277 |
| Unpaid interest on subordinated senior notes(1) | — | 254 |
| Changes in assets and liabilities- | | |
| Accounts receivable, net | (4,019) | (4,061) |
| Inventories, net | (589) | 1,832 |
| Prepaid expenses and other assets | (547) | (36) |
| Accounts payable | (5,160) | 5,163 |
| Accrued expenses and other liabilities | 893 | 1,188 |
| Net cash provided by operating activities | 3,564 | 12,736 |
| **Cash flows from investing activities-** | | |
| Net additions to property and equipment | (674) | (824) |
| Net cash (used in) investing activities | (674) | (824) |
| **Cash flows from financing activities-** | | |
| Proceeds (repayments) under revolving credit facilities, net | — | (12,885) |
| Repayments of senior secured bank notes | (7,400) | (1,500) |
| Other financing activities, net | 20 | (42) |
| Net cash (used in) financing activities | (7,380) | (14,427) |
| Effect of exchange rates on cash and cash equivalents | 24 | 16 |
| **Changes in cash and cash equivalents-** | | |
| Net (decrease) increase in cash and cash equivalents | (4,466) | (2,499) |
| Cash and cash equivalents at beginning of year | 8,378 | 5,997 |
| Cash and cash equivalents at end of quarter | $ 3,912 | $ 3,498 |
| **Supplemental disclosure of cash flow information:** | | |
| Interest paid | $ 2,527 | $ 2,992 |
| Income taxes paid | $ 1,753 | $ 2,878 |

(1) Represents an increase in principal balance of debt associated with interest paid in kind.

See accompanying notes

**1) Summary of Significant Accounting Policies**

The consolidated financial statements have been prepared by The Middleby Corporation (the "company"), pursuant to the rules and regulations of the Securities and Exchange Commission, the financial statements are unaudited and certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America 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 2002 Form 10-K.

In the opinion of management, the financial statements contain all adjustments necessary to present fairly the financial position of the company as of June 28, 2003 and December 28, 2002, and the results of operations for the six months ended June 28, 2003 and June 29, 2002 and cash flows for the six months ended June 28, 2003 and June 29, 2002.

**2) New Accounting Pronouncements**

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations". This statement addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs, and requires that such costs be recognized as a liability in the period in which incurred. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The adoption of this statement did not have a material impact to the financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements SFAS No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections." SFAS No. 145 eliminates the current requirement that gains and losses on debt extinguishment must be classified as extraordinary items in the income statement. Instead, such gains and losses will be classified as extraordinary items only if they are deemed to be unusual and infrequent. The changes related to debt extinguishment are effective for fiscal years beginning after May 15, 2002.

In June 2002, the FASB issued Statement No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” This statement requires recording costs associated with exit or disposal activities at their fair values when a liability has been incurred. Under previous guidance, certain exit costs were accrued upon management’s commitment to an exit plan, which is generally before an actual liability has been incurred. This statement is effective for financial statements issued for fiscal years beginning after December 31, 2002. The adoption of this statement did not have a material impact to the financial statements.

In April 2003, the FASB issued Statement No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities.” This statement requires that contracts with comparable characteristics be accounted for similarly. This statement is effective for contracts entered into or modified after June 30, 2003. The company will apply this guidance prospectively.

In May 2003, the FASB issued Statement No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.” This statement establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The company does not expect the adoption of this statement to have a material impact to the financial statements.

**3) Other 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 SFAS No. 130, “Reporting Comprehensive Income.”

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jun. 28, 2003 | Jun. 29, 2002 | Jun. 28, 2003 | Jun. 29, 2002 |
| **Net earnings** | $ 4,597 | $ 2,814 | $ 7,206 | $ 3,854 |
| **Cumulative translation adjustment** | 115 | (55) | 148 | 15 |
| **Unrealized loss on interest rate swap** | (184) | — | (282) | — |
| **Comprehensive income** | $ 4,528 | $ 2,759 | $ 7,072 | $ 3,869 |

Accumulated other comprehensive income is comprised of minimum pension liability of $1.5 million as of June 28, 2003 and December 28, 2002, foreign currency translation adjustments of $0.4 million as of June 28, 2003 and $0.5 million at December 28, 2002 and an unrealized loss on a interest rate swap of $0.8 million at June 28, 2003 and $0.5 million at December 28, 2002.

## 4) Inventories

Inventories are composed of material, labor and overhead and are stated at the lower of cost or market. Costs for Blodgett inventory have been determined using the last-in, first-out ("LIFO") method. Had the inventories been valued using the first-in, first-out ("FIFO") method, the amount would not have differed materially from the amounts as determined using the LIFO method. Costs for Middleby inventory have been determined using the FIFO method. The company estimates reserves for inventory obsolescence and shrinkage based on its judgment of future realization. Inventories at June 28, 2003 and December 28, 2002 are as follows:

| | Jun. 28, 2003 | Dec. 28, 2002 |
|---|---|---|
| | (In thousands) | |
| Raw materials and parts | $ 7,134 | $ 6,178 |
| Work-in-process | 4,093 | 5,849 |
| Finished goods | 16,588 | 15,179 |
| | $ 27,815 | $ 27,206 |

## 5) Accrued Expenses

Accrued expenses consist of the following:

| | Jun. 28, 2003 | Dec. 28, 2002 |
|---|---|---|
| | (In thousands) | |
| Accrued warranty | $ 11,632 | $ 10,447 |
| Accrued payroll and related expenses | 9,155 | 8,544 |
| Accrued customer rebates | 4,609 | 6,043 |
| Accrued commissions | 1,847 | 1,535 |
| Accrued severance and plant closures | 1,305 | 1,426 |
| Other accrued expenses | 8,386 | 8,018 |
| | $ 36,934 | $ 36,013 |

## 6) Warranty Costs

In the normal course of business the company issues product warranties for specific product lines and provides for the estimated future warranty cost in the period in which the sale is recorded. The estimate of warranty cost is based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Because warranty estimates are forecasts that are based on the best available information, claims costs may differ from amounts provided. Adjustments to initial obligations for warranties are made as changes in the obligations become reasonably estimable.

A rollforward of the warranty reserve is as follows:

| | Jun. 28, 2003 | Jun. 29, 2002 |
|---|---|---|
| | (dollars in thousands) | |
| Beginning balance | $ 10,447 | $ 9,179 |
| Warranty expense | 5,706 | 4,841 |
| Warranty claims | (4,521) | (3,951) |
| Ending balance | $ 11,632 | $ 10,069 |

**7) Acquisition Integration**

On December 21, 2001 the company established reserves through purchase accounting associated with severance related obligations and facility exit costs related to the acquired Blodgett business operations.

Reserves for estimated severance obligations were established in conjunction with reorganization initiatives established during 2001 and completed during the first half of 2002. During the first quarter of 2002, the company reduced headcount at the acquired Blodgett operations by 123 employees. This headcount reduction included most functional areas of the company and included a reorganization of the executive management structure. During the second quarter of 2002, the company further reduced headcount at the Blodgett operations by 30 employees in conjunction with the consolidation and exit of two manufacturing facilities. Production for the Blodgett combi-oven, conveyor oven, and deck oven lines were moved from two facilities located in Williston and Shelburne, Vermont into existing manufacturing facilities in Burlington, Vermont and Elgin, Illinois. The second quarter headcount reductions predominately related to the manufacturing function. The remaining reserve balance at June 28, 2003 is primarily associated with continuing medical benefits associated with employees terminated in 2002.

Reserves for facility closure costs predominately relate to lease obligations for three manufacturing facilities that were exited in 2001 and 2002. During the second quarter of 2001, prior to the acquisition, reserves were established for lease obligations associated with a manufacturing facility in Quakertown, Pennsylvania that was exited when production at this facility was relocated to an existing facility in Bow, New Hampshire. The lease associated with the exited facility extends through December 11, 2014. The facility is currently subleased for a portion of the lease term through July 2006. During the second quarter of 2002, the company exited leased facilities in Williston and Shelburne, Vermont in conjunction with the company's manufacturing consolidation initiatives. The Williston lease extends through June 30, 2005 and the Shelburne lease extends through December 11, 2014. Neither of these facilities has been subleased although the company is performing an active search for subtenants. Future lease obligations under these three facilities are anticipated to amount to approximately $13.5 million. The remaining reserve balance is reflected net of anticipated sublease income.

The forecast of sublease income could differ from actual amounts, which are subject to the occupancy by a subtenant and a negotiated sublease rental rate. If the company's estimates or underlying assumptions change in the future, the company would be required to adjust the reserve amount accordingly.

A summary of the reserve balance activity is as follows (in thousands):

| | Balance Dec. 28, 2002 | Cash Payments | Balance Jun. 28, 2003 |
|---|---|---|---|
| **Severance obligations** | $ 271 | $ (113) | $ 158 |
| **Facility closure and lease obligations** | 9,493 | (557) | 8,936 |
| **Total** | $ 9,764 | $ (670) | $ 9,094 |

All actions pertaining to the company's integration initiatives have been completed. At this time, management believes the remaining reserve balance is adequate to cover the remaining costs identified at June 28, 2003.

**8) Financial Instruments**

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments. The statement requires an entity to recognize all derivatives as either assets or liabilities and measure those instruments at fair value. Derivatives that do not qualify as a hedge must be adjusted to fair value in earnings. If the derivative does qualify as a hedge under SFAS No. 133, changes in the fair value will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments or recognized in other accumulated comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a hedge's change in fair value will be immediately recognized in earnings.

*Foreign Exchange*: The company has entered into derivative instruments, principally forward contracts to reduce exposures pertaining to fluctuations in foreign exchange rates. As of June 28, 2003 the company had forward contracts to purchase $6.5 million U.S. Dollars with various foreign currencies, all of which mature in the next fiscal quarter. The fair value of these forward contracts was ($0.1) million at the end of the quarter.

*Interest rate swap*: On January 11, 2002, in accordance with the senior bank agreement, the company entered into an interest rate swap agreement with a notional amount of $20.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004. A loss of $0.3 million was recorded in earnings for the six-month period ended June 29, 2002 as the interest rate swap was marked-to-market (not specifically designated as a hedge). At June 30, 2002 the company designated the swap as a cash flow hedge. Accordingly, changes in the fair value of the swap subsequent to June 30, 2002 are recognized in accumulated other comprehensive income and any hedge ineffectiveness is recorded in current-period earnings as a component of gains and losses on acquisition financing derivatives. The change in fair value of this swap agreement in the first six months of 2003 was $0.1 million. The ineffective portion of the interest rate hedge recorded in earnings during the first six months amounted to $0.1 million.

On February 9, 2003 in accordance with the senior bank agreement, the company entered into another interest rate swap agreement with a notional amount of $10.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005. The company designated the swap as a cash flow hedge at its inception and all changes in the fair value of the swap are recognized in accumulated other comprehensive income. The change in fair value of this swap agreement in the first six months of 2003 was ($0.2) million.

*Stock warrant rights*: In conjunction with subordinated senior notes issued in connection with the financing for the Blodgett acquisition, the company issued 358,346 stock warrant rights and 445,100 conditional stock warrant rights to the subordinated senior noteholder. These stock warrant rights were repurchased and retired in December 2002 in conjunction with the company's debt refinancing. Prior to the retirement of the warrant rights, the company had recorded a liability pertaining to an obligation that required the company to repurchase these warrant rights at the fair market value in circumstances defined by the subordinated senior note agreement. The obligation pertaining to the repurchase of the warrant rights was recorded in Other Non-Current Liabilities at fair market value utilizing a Black-Scholes valuation model. The change in the fair value of the stock warrant rights during the first six months of 2002 amounted to $0.3 million and was recorded as a gain in the income statement for the six month period ended June 29, 2002. No such amount was incurred in 2003.

## 9) Stock-Based Compensation

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 No. 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 No. 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 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 earnings and per share data utilizing a fair value based method is as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jun. 28, 2003 | Jun. 29, 2002 | Jun. 28, 2003 | Jun. 29, 2002 |
| | (in thousands, except per share data) | | | |
| Net income – as reported | $ 4,597 | $ 2,814 | $ 7,206 | $ 3,854 |
| Less: Stock-based employee compensation expense, net of taxes | (93) | (63) | (167) | (90) |
| Net income – pro forma | $ 4,504 | $ 2,751 | $ 7,039 | $ 3,764 |
| Earnings per share – as reported: | | | | |
| Basic | $ 0.51 | $ 0.31 | $ 0.80 | $ 0.43 |
| Diluted | 0.49 | 0.31 | 0.77 | 0.43 |
| Earnings per share – pro forma: | | | | |
| Basic | $ 0.50 | $ 0.31 | $ 0.78 | $ 0.42 |
| Diluted | 0.48 | 0.30 | 0.75 | 0.42 |

## 10) Segment Information

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

The worldwide manufacturing divisions operate through the Cooking Systems Group. This business segment has manufacturing facilities in Illinois, New Hampshire, North Carolina, Vermont and the Philippines. This business segment supports four major product groups, including conveyor oven equipment, core cooking equipment, counterline cooking equipment, and international specialty equipment. Principal product lines of the conveyor oven product group include Middleby Marshall ovens, Blodgett 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 and steam cooking equipment, the Blodgett product line of convection and combi ovens, MagiKitch'n charbroilers and catering equipment and the Pitco Frialator product line of fryers. The counterline cooking and warming equipment product group includes toasters, hot food servers, foodwarmers and griddles distributed under the Toastmaster brand name. The international specialty equipment product group is primarily comprised of food preparation tables, undercounter refrigeration systems, ventilation systems and component parts for the U.S. manufacturing operations.

The International Distribution Division provides integrated sales, export management, distribution and installation services through its operations in China, India, Korea, Mexico, Spain, Taiwan and the United Kingdom. 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. Management believes that intersegment sales are made at established arms-length transfer prices.

The following table summarizes the results of operations for the company's business segments(1) (in thousands):

| | Cooking Systems Group | | International Distribution | | Corporate and Other (2) | | Eliminations (3) | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Three months ended June 28, 2003** | | | | | | | | | |
| **Net sales** | $ | 60,348 | $ | 11,018 | $ | — | $ | (7,771) | $ | 63,595 |
| Operating income (loss) | | 11,599 | | 617 | | (2,472) | | (100) | | 9,644 |
| Depreciation expense | | 984 | | 35 | | (59) | | — | | 960 |
| Capital expenditures | | 479 | | 11 | | 2 | | — | | 492 |
| **Six months ended June 28, 2003** | | | | | | | | | | |
| Net sales | $ | 113,962 | $ | 19,875 | $ | — | $ | (15,475) | $ | 118,362 |
| Operating income (loss) | | 19,854 | | 902 | | (4,155) | | (550) | | 16,051 |
| Depreciation expense | | 1,934 | | 74 | | (138) | | — | | 1,870 |
| Capital expenditures | | 704 | | (32) | | 2 | | — | | 674 |
| Total assets | | 185,774 | | 22,728 | | 6,432 | | (10,982) | | 203,952 |
| Long-lived assets(4) | | 125,497 | | 355 | | 3,167 | | — | | 129,019 |
| **Three months ended June 29, 2002** | | | | | | | | | | |
| Net sales | $ | 59,946 | $ | 9,446 | $ | (9) | $ | (6,905) | $ | 62,478 |
| Operating income (loss) | | 10,435 | | 485 | | (2,458) | | (266) | | 8,196 |
| Depreciation expense | | 1,171 | | 42 | | 69 | | — | | 1,282 |
| Capital expenditures | | 518 | | 66 | | 7 | | — | | 591 |
| **Six months ended June 29, 2002** | | | | | | | | | | |
| Net sales | $ | 112,266 | $ | 16,292 | $ | 70 | $ | (11,659) | $ | 116,969 |
| Operating income (loss) | | 17,418 | | 488 | | (4,573) | | (416) | | 12,917 |
| Depreciation expense | | 2,332 | | 82 | | 67 | | — | | 2,481 |
| Capital expenditures | | 740 | | 75 | | 9 | | — | | 824 |
| Total assets | | 187,273 | | 17,529 | | 15,133 | | (10,982) | | 208,953 |
| Long-lived assets(4) | | 129,817 | | 420 | | 5,817 | | — | | 136,054 |

(1) Non-operating expenses are not allocated to the operating segments. Non-operating expenses consist of interest expense and deferred financing amortization, gains and losses on acquisition financing derivatives, and other income and expenses items outside of income from operations.

(2) Includes corporate and other general company assets and operations.

(3) 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.

(4) Long-lived assets of the Cooking Systems Group includes assets located in the Philippines which amounted to $2,500 and $2,853 in 2003 and 2002, respectively.

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 | |
|---|---|---|---|---|
| | Jun. 28, 2003 | Jun. 29, 2002 | Jun. 28, 2003 | Jun. 29, 2002 |
| United States and Canada | $ 51,443 | $ 51,574 | $ 96,019 | $ 95,931 |
| Asia | 5,485 | 4,333 | 9,291 | 7,620 |

| | | | | |
|---|---|---|---|---|
| Europe and Middle East | 5,224 | 5,112 | 10,321 | 10,276 |
| Latin America | 1,443 | 1,459 | 2,731 | 3,142 |
| Net Sales | $ 63,595 | $ 62,478 | $ 118,362 | $ 116,969 |

**11) Subsequent Event**

In August 2003, subsequent to the end of the second quarter, the company repaid $11.0 million in notes due to Maytag. The note reduction included the repayment of $7.3 million in notes that had carried a 13.5% interest rate and $3.7 million in notes that had carried a 12.0% interest rate. The note repayment was funded from $5.6 million of borrowings under the company's revolving credit facility and $5.4 million of existing cash balances. Borrowings under the revolving credit facility are assessed interest at a floating rate of 3.0% above LIBOR, which is currently 1.1%. After reflecting the repayment, the notes due to Maytag have been reduced to $10.0 million, all which carry a 12.0% interest rate.

**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, volatility in earnings resulting from goodwill impairment losses which may occur irregularly and in varying amounts; variability in financing costs; quarterly variations in operating results; dependence on key customers; international exposure; foreign exchange and political risks affecting international sales; changing market conditions; the impact of competitive products and pricing; the timely development and market acceptance of the company's products; the availability and cost of raw materials; and other risks detailed herein and from time-to-time in the company's SEC filings, including the 2002 report on Form 10-K.

**Net Sales Summary**
**(dollars in thousands)**

| | Three Months Ended | | | | Six Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| | Jun. 28, 2003 | | Jun. 29, 2002 | | Jun. 28, 2003 | | Jun. 29, 2002 | |
| | Sales | Percent | Sales | Percent | Sales | Percent | Sales | Percent |
| **Business Divisions** | | | | | | | | |
| **Cooking Systems Group:** | | | | | | | | |
| **Core cooking equipment** | $ 43,336 | 68.1 | $ 43,605 | 69.8 | $ 81,390 | 68.8 | $ 80,237 | 68.6 |
| **Conveyor oven equipment** | 12,557 | 19.7 | 12,114 | 19.4 | 23,753 | 20.1 | 24,200 | 20.7 |
| **Counterline cooking equipment** | 2,430 | 3.8 | 2,711 | 4.3 | 4,798 | 4.0 | 5,222 | 4.5 |
| **International specialty equipment** | 2,025 | 3.2 | 1,516 | 2.5 | 4,021 | 3.4 | 2,607 | 2.2 |
| **Total Cooking Systems Group** | 60,348 | 94.8 | 59,946 | 96.0 | 113,962 | 96.3 | 112,266 | 96.0 |
| **International Distribution (1)** | 11,018 | 17.3 | 9,446 | 15.1 | 19,875 | 16.8 | 16,292 | 13.9 |
| **Intercompany sales (2)** | (7,771) | (12.1) | (6,914) | (11.1) | (15,475) | (13.1) | (11,589) | (9.9) |
| **Total** | $ 63,595 | 100.0 | $ 62,478 | 100.0 | $118,362 | 100.0 | $ 116,969 | 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 | |
|---|---|---|---|---|
| | Jun. 28, 2003 | Jun. 29, 2002 | Jun. 28, 2003 | Jun. 29, 2002 |
| Net sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of sales | 64.4 | 65.6 | 64.8 | 66.3 |
| Gross profit | 35.6 | 34.4 | 35.2 | 33.7 |
| Selling, general and administrative expenses | 20.4 | 21.3 | 21.7 | 22.7 |
| Income from operations | 15.2 | 13.1 | 13.5 | 11.0 |
| Interest expense and deferred financing amortization, net | 2.6 | 4.8 | 2.8 | 5.2 |

| | | | | |
|---|---|---|---|---|
| Loss (gain) on acquisition financings derivatives | — | 0.9 | (0.1) | — |
| Other expense, net | 0.2 | (0.4) | 0.2 | (0.1) |
| Earnings before income taxes | 12.4 | 7.8 | 10.6 | 5.9 |
| Provision for income taxes | 5.2 | 3.3 | 4.5 | 2.6 |
| Net Earnings | 7.2% | 4.5% | 6.1% | 3.3% |

**Three Months Ended June 28, 2003 Compared to Three Months Ended June 29, 2002**

**NET SALES.** Net sales for the second quarter of fiscal 2003 were $63.6 million as compared to $62.5 million in the second quarter of 2002.

Net sales at the Cooking Systems Group amounted to $60.3 million in the second quarter of 2003 as compared to $59.9 million in the prior year quarter. Core cooking equipment sales amounted to $43.3 million as compared to $43.6 million. Increased sales of fryers associated with market share gains and expansion of international chain business were more than offset by reduced convection oven sales. Convection oven sales were impacted by reduced demand in institutional markets, such as hotels, schools, hospitals, government agencies and other public and private facilities, and the impact of increased pricing competition.

Conveyor oven equipment sales amounted to $12.5 million as compared to $12.1 million in the prior year quarter. The increase in conveyor oven sales resulted from increased sales associated with new products, including a new mid-sized conveyor oven and increased sales of service parts. An increase in business with major pizza chains in certain international markets was offset by reduced sales in the U.S. market due to a lower rate of store openings. Counterline cooking equipment sales decreased slightly to $2.4 million from $2.7 million in the prior year. International specialty equipment sales increased to $2.0 million compared to $1.5 million in the prior year quarter due to increased component manufacturing for the company's U.S. based operations.

Net sales at the International Distribution Division increased by $1.6 million to $11.0 million, due to expansion in Asia related to store openings of U.S. based chains.

**GROSS PROFIT.** Gross profit increased to $22.7 million from $21.5 million in the prior year period. The gross margin rate was 35.6% in the quarter as compared to 34.4% in the prior year quarter. The increase in the overall gross margin rate is largely attributable to the impact of cost reduction initiatives completed in 2002, including the consolidation of manufacturing operations. Gross profit also benefited from higher margins on new product introductions and the impact of cost efficiencies on higher volumes.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.** Combined selling, general, and administrative expenses decreased from $13.3 million in the second quarter of 2002 to $13.0 million in the second quarter of 2003. As a percentage of net sales operating expenses amounted to 21.3% in the second quarter of 2002 versus 20.4% in the second quarter of 2003. Selling and distribution expenses increased from $7.3 million in the second quarter of 2002 to $7.8 million in 2003 due to higher advertising costs associated with introduction of new products and promotion of the brand image. Commission expense was also higher due to the increase in sales volume. General and administrative expenses decreased from $6.0 million to $5.2 million reflecting the benefit of cost reduction actions completed in 2002 associated with the Blodgett acquisition.

**NON-OPERATING EXPENSES.** Interest and deferred financing amortization costs decreased to $1.6 million from $3.0 million in the prior year as a result of lower debt balances and lower average interest rates resulting from the debt refinancing completed in the fourth quarter of 2002. The gain on acquisition related financing derivatives was less than $0.1 million in the current year quarter compared to a loss of $0.6 million in the prior year quarter. The $0.6 million loss on financing derivatives in the second quarter of 2002 included a $0.1 million loss related to stock warrant rights, which have since been retired at the end of 2002 and $0.5 million associated with the change in market value of the company's interest rate swap. Other expense was $0.1 million in the current year compared to other income of $0.3 million in the prior year and primarily consists of foreign exchange losses.

**INCOME TAXES.** A tax provision of $3.3 million, at an effective rate of 42%, was recorded during the quarter as compared to a $2.1 million provision at a 43% effective rate in the prior year quarter. The prior year quarter included higher provisions for state tax assessments

**Six Months Ended June 28, 2003 Compared to Six Months Ended June 29, 2002**

**NET SALES.** Net sales in the six-month period ended June 28, 2003 were $118.4 million as compared to $117.0 million in the six-month period ended June 29, 2002.

Net sales at the Cooking Systems Group for the six-month period ended June 28, 2003 amounted to $114.0 million as compared to $112.3 million in the prior year six-month period. Core cooking equipment sales amounted to $81.4 million as compared to $80.2 million, primarily due to increased sales of fryers associated with market share gains and expansion of international chain business. This increase was offset in part due to reduced convection oven sales resulting from lower demand in institutional markets and the impact of increased pricing competition. Conveyor oven equipment sales amounted to $23.8 million as compared to $24.2 million in the prior year six-month period. The decrease in conveyor oven sales resulted from lower store openings of major chain customers in the U.S. market as compared to the prior year. Reduced sales to the major chain customers was offset in part by higher service parts sales and increased sales to smaller chains and general market customers. Counterline cooking equipment sales decreased to $4.8 million from $5.2 million in the prior year. International specialty equipment sales increased to $4.0 million from $2.6 million as a result of increased component manufacturing for the company's U.S. based operations.

Net sales at the International Distribution Division increased by $3.6 million to $19.9 million due to the distribution of the Blodgett and Pitco product lines which began to be distributed through this division in the second quarter of 2002 and increased sales into Asian markets resulting from global expansion of U.S. based chains.

**GROSS PROFIT.** Gross profit increased to $41.7 million from $39.4 million in the prior year period. The gross margin rate was 35.2% for the six-month period as compared to 33.7% in the prior year period. The increase in the overall gross margin rate is largely attributable to cost reduction actions associated with the Blodgett acquisition and integration. As part of the cost structure improvements, the company consolidated manufacturing for several Blodgett product lines into existing manufacturing operations during the second quarter of 2002.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.** Combined selling, general, and administrative expenses decreased from $26.5 million for the six-month period ended June 29, 2002 to $25.7 million for the six-month period ended June 28, 2003. As a percentage of net sales operating expenses amounted to 21.7% in the six-month period ended June 28, 2003 versus 22.7% in the prior year. Selling and distribution expenses increased from $14.5 million in the first half of 2002 to $14.9 million in 2003 due to higher advertising costs associated with introduction of new products and promotion of the brand image. Commission expense was also higher due to the increase in sales volume. General and administrative expenses decreased from $12.0 million to $10.7 million reflecting the benefit of cost reduction actions completed in 2002 associated with the Blodgett acquisition and integration.

**NON-OPERATING EXPENSES.** Interest and deferred financing amortization costs decreased to $3.3 million from $6.1 million in the prior year as a result of lower debt balances and lower average interest rates resulting from the debt refinancing completed in the fourth quarter of 2002. The gain on acquisition related financing derivatives was $0.1 million in the current year six-month period compared to a gain of less than $0.1 million in the prior year six-month period. Other expense was $0.3 million in the current year compared to other income of $0.1 million in the prior year due to the unfavorable impact of foreign exchange fluctuations.

**INCOME TAXES.** A tax provision of $5.3 million, at an effective rate of 43%, was recorded for the six-month period, as compared to a provision of $3.0 million at 44% rate in the prior year period. The reduction in the effective rate reflects improved earnings at foreign operations, for which the prior year reflected tax losses with no recorded benefit. The prior year also included higher provisions for state income tax assessments.

**Financial Condition and Liquidity**

During the six months ended June 28, 2003, cash and cash equivalents decreased by $4.4 million to $3.9 million at June 28, 2003 from $8.4 million at December 28, 2002. Net borrowings decreased from $88.0 million at December 28, 2002 to $81.0 million at June 28, 2003.

**OPERATING ACTIVITIES.** Net cash provided by operating activities after changes in assets and liabilities was $3.6 million as compared to $12.7 million in the prior year period. Cash provided by operating activities included $0.5 million of borrowings on subordinated notes representing unpaid interest, which is added to the principal balance of the notes consistent with financing agreements.

During the six months ended June 28, 2003, accounts receivable increased $4.0 million due to increased sales at the end of the quarter. Inventories increased $0.6 million due to increased stocking of product in international markets for customer orders and inventory associated with new product introductions. Accounts payable decreased $5.2 million due to timing of vendor payments. Accrued expenses and other liabilities increased $0.9 million primarily as a result of higher warranty reserves and compensation related liabilities offset in part by lower customer rebate reserves.

**INVESTING ACTIVITIES.** During the six months ending June 28, 2003, the company had capital expenditures of $0.7 million associated with the purchase of production equipment.

**FINANCING ACTIVITIES.** Net cash flows used in the financing activities was $7.4 million during the six months ending June 28, 2003. This included $6.0 million of scheduled repayments under the senior term loan and $1.4 million of scheduled repayments under the foreign bank loan.

At June 28, 2003, the company was in compliance with all covenants pursuant to its borrowing agreements. Management believes that future cash flows from operating activities and borrowing availability under the revolving credit facility will provide the company with sufficient financial resources to meet its anticipated requirements for working capital, capital expenditures and debt amortization for the foreseeable future.

**New Accounting Pronouncements**

In June 2001, the FASB issued SFAS No. 143 “Accounting for Asset Retirement Obligations”. This statement addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs, and requires that such costs be recognized as a liability in the period in which incurred. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The adoption of this statement did not have a material impact to the financial statements.

In April 2002, the FASB issued SFAS No. 145, “Rescission of FASB Statements SFAS No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections”. SFAS No. 145 eliminates the current requirement that gains and losses on debt extinguishment must be classified as extraordinary items in the income statement. Instead, such gains and losses will be classified as extraordinary items only if they are deemed to be unusual and infrequent. The changes related to debt extinguishment will be effective for fiscal years beginning after May 15, 2002, and the changes related to lease accounting will be effective for transactions occurring after May 15, 2002. The company will apply this guidance beginning in fiscal 2003.

In June 2002, the FASB issued Statement No. 146, “Accounting for Costs Associated with Exit or Disposal Activities”. This Statement requires recording costs associated with exit or disposal activities at their fair values when a liability has been incurred. Under previous guidance, certain exit costs were accrued upon management’s commitment to an exit plan, which is generally before an actual liability has been incurred. This statement is effective for financial statements issued for fiscal years beginning after December 31, 2002. The adoption of this statement did not have a material impact to the financial statements.

In April 2003, the FASB issued Statement No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities.” This statement requires that contracts with comparable characteristics be accounted for similarly. This statement is effective for contracts entered into or modified after June 30, 2003. The company will apply this guidance prospectively.

In May 2003, the FASB issued Statement No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.” This statement establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The company does not expect the adoption of this statement to have a material impact to the financial statements.

**Critical Accounting Policies and Estimates**

Management’s discussion and analysis of financial condition and results of operations are based upon the company’s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses as well as related disclosures. On an ongoing basis, the company evaluates its estimates and judgments based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

*Property and equipment:* Property and equipment are depreciated or amortized on a straight-line basis over their useful lives based on management’s estimates of the period over which the assets will utilized to benefit the operations of the company. The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. The company periodically reviews these lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of property and equipment or if technological changes were to occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods.

*Long-lived assets:* Long-lived assets (including goodwill and other intangibles) are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing the recoverability of the company's long-lived assets, the company considers changes in economic conditions and makes assumptions regarding estimated future cash flows and other factors. Estimates of future cash flows are judgments based on the company's experience and knowledge of operations. These estimates can be significantly impacted by many factors including changes in global and local business and economic conditions, operating costs, inflation, competition, and consumer and demographic trends. If the company's estimates or the underlying assumptions change in the future, the company may be required to record impairment charges.

*Warranty:* In the normal course of business the company issues product warranties for specific product lines and provides for the estimated future warranty cost in the period in which the sale is recorded. The estimate of warranty cost is based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Because warranty estimates are forecasts that are based on the best available information, claims costs may differ from amounts provided. Adjustments to initial obligations for warranties are made as changes in the obligations become reasonably estimable.

*Lease Obligations*: In 2002 and 2001, the company established reserves associated with lease obligations for three manufacturing facilities that were exited in conjunction with manufacturing consolidation efforts related to the acquisition of Blodgett. The term of the lease associated with one of the three facilities in Williston, Vermont extends through June 2005. The terms of the leases associated with the other two facilities in Shelburne, Vermont and Quakertown, Pennsylvania extend through December 2014. The company currently has a subtenant for the Quakertown, Pennsylvania facility for a portion of the lease term. The company is actively searching for subtenants for the other two facilities. The recorded reserves are established for the future lease obligations net of an estimate for anticipated sublease income. The forecast of sublease income could differ from actual amounts, which are subject to the occupancy by a subtenant and a negotiated sublease rental rate. If the company's estimates or underlying assumptions change in the future, the company would be required to adjust the reserve amount accordingly.

*Litigation:* From time to time, the company is subject to proceedings, lawsuits and other claims related to products, suppliers, employees, customers and competitors. The company maintains insurance to cover product liability, workers compensation, property and casualty, and general liability matters. The company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after assessment of each matter and the related insurance coverage. The required accrual may change in the future due to new developments or changes in approach such as a change in settlement strategy in dealing with these matters. The company does not believe that any such matter will have a material adverse effect on its financial condition or results of operations.

*Income taxes:* The company operates in numerous taxing jurisdictions where it is subject to various types of tax, including sales tax and income tax. The company's tax filings are subject to audits and adjustments. Because of the nature of the company's operations, the nature of the audit items can be complex, and the objectives of the government auditors can result in a tax on the same transaction or income in more than one state or country. As part of the company's calculation of the provision for taxes, the company establishes reserves for the amount that it expects to incur as a result of audits. The reserves may change in the future due to new developments related to the various tax matters.

**Contractual Obligations**

The company's contractual cash payment obligations are set forth below (dollars in thousands):

| | Long-term Debt | Operating Leases | Idle Facility Leases | Total Contractual Cash Obligations |
|---|---|---|---|---|
| Less than 1 year | $ 13,500 | $ 622 | $ 1,343 | $ 15,465 |
| 1-3 years | 26,450 | 885 | 2,560 | 29,895 |
| 4-5 years | 41,090 | 542 | 2,225 | 43,857 |
| After 5 years | — | 208 | 7,391 | 7,599 |
| | $ 81,040 | $ 2,257 | $ 13,519 | $ 96,816 |

Idle facility leases consist of obligations for three manufacturing locations that were exited in conjunction with the company's manufacturing consolidation efforts. The lease obligations continue through December 2014. The obligations presented above do not reflect any anticipated sublease income from the facilities.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

### 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 | Varible Rate Debt |
|---|---|---|
| | (In thousands) | |
| June 30, 2004 | $ — | $ 13,500 |
| June 30, 2005 | — | 13,150 |
| June 30, 2006 | — | 13,300 |
| June 30, 2007 | 21,040 | 13,350 |
| June 30, 2008 | — | 6,700 |
| | $ 21,040 | $ 60,000 |

As of June 28, 2003, the company had aggregate borrowings under its senior bank facility of $59.0 million. Borrowings at June 28, 2003 under the senior bank facility included $54.2 million term loan assessed interest at floating rates of 3.0% above LIBOR and a $4.8 million term loan assessed interest at a rate of 3.75% above LIBOR. At June 28, 2003, the interest rate on the term loans were 4.24% and 4.93%, respectively. The interest rate on the $54.2 million term loan may be adjusted quarterly based on the company's defined indebtedness ratio on a rolling four-quarter basis. The senior bank agreement also includes a $15.0 million revolving credit facility for working capital needs and a conditional $15.0 million revolving credit facility with restricted use for the repayment of notes to Maytag. Availability under the aggregate $30.0 million revolving credit facility is limited to the amount of collateral as defined by the senior bank agreement, which amounted to $21.3 million as of June 28, 2003. In addition, after giving effect to payment of notes to Maytag, if such a payment were to occur, the revolving availability is required to be greater than the revolving borrowings by at least $7.5 million. Borrowings under the revolving credit facility are assessed interest at a rate of 3.0% above LIBOR, which was 4.13% at June 28, 2003. A variable commitment fee, based upon the indebtedness ratio, of 0.5% is charged on the unused portion of the line of credit.

As of June 28, 2003 the company's subsidiary in Spain had $1.0 million in U.S. dollar borrowings under a senior bank loan. This loan is amortized in equal monthly payments maturing on December 2003 and is assessed interest at a rate of 0.45% above LIBOR, which amounted to 1.58% at June 28, 2003.

As of June 28, 2003 the company had $21.0 million in notes due to Maytag. The notes due to Maytag mature in December 2006 and consist of $13.7 million in notes that bear an interest rate of 12.0% payable in cash and $7.3 million in notes that bear an interest rate of 13.5% through December 31, 2004 and 12.0% thereafter. Interest prior to December 31, 2004 on the $7.3 million in notes is paid by the issuance of additional subordinated notes in principal amounts equal to such interest payable. After December 31, 2004 interest on these notes is payable in cash, unless such payment would result in the violation of the provisions within the Senior Bank Agreement. Interest on the Maytag notes is assessed semi-annually. The notes become immediately due upon the occurrence of certain material events without the written permission of Maytag, including a change in control, a business acquisition, the acceleration of the senior bank debt, or the issuance of additional debt. The company has the ability to prepay the notes to Maytag without penalty.

In August 2003, subsequent to the end of the second quarter, the company repaid $11.0 million in notes due to Maytag. The note reduction included the repayment of $7.3 million in notes that had carried a 13.5% interest rate and $3.7 million in notes that had carried a 12.0% interest rate. The note repayment was funded from $5.6 million of borrowings under the company's revolving credit facility and $5.4 million of existing cash balances. Borrowings under the revolving credit facility are assessed interest at a floating rate of 3.0% above LIBOR, which is currently 1.1%. After reflecting the repayment, the notes due to Maytag have been reduced to $10.0 million, all which carry a 12.0% interest rate.

The senior bank facility entered into in December 2002 requires the company to have in effect one or more interest rate protection agreements effectively fixing the interest rates on not less than $20.0 million in principal amount for a period of not less than two years and $10.0 million in principal amount for a period of not less than three years. In January 2002, the company had established an interest rate swap agreement with a notional amount of $20.0 million. This agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004. In February 2003, the company entered into another swap agreement with a notional amount of $10.0 million that swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005.

The terms of the senior secured credit facility and subordinated note to Maytag limit the paying of dividends, capital expenditures and leases, and require, among other things, a minimum amount, as defined, of stockholders' equity, and certain ratios of indebtedness and fixed charge coverage. The credit agreement also provides that if a material adverse change in the company's business operations or conditions occurs, the lender could declare an event of default. Under terms of the agreement a material adverse effect is defined as (a) a material adverse change in, or a material adverse effect upon, the operations, business properties, condition (financial and otherwise) or prospects of the company and its subsidiaries taken as a whole; (b) a material impairment of the ability of the company to perform under the loan agreements and to avoid any event of default; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the company of any loan document. At June 28, 2003, the company was in compliance with all covenants pursuant to its borrowing agreements.

**Financing Derivative Instruments**

On January 11, 2002, in accordance with the senior bank agreement, the company entered into an interest rate swap agreement, with a notional amount of $20.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004. As of June 28, 2003, the fair value of this derivative financial instrument was ($0.9) million. A gain of $0.1 million was recorded in earnings for the six-month period. Since inception of the swap the company has recorded a $0.2 million loss on the swap through earnings and $0.6 million as a reduction in other comprehensive income.

On February 9, 2003 in accordance with the senior bank agreement, the company entered into another interest rate swap agreement with a notional amount of $10.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005. As of June 28, 2003, the fair value of this derivative financial instrument decreased by $0.2 million and has been recorded as a reduction in other comprehensive income.

**Foreign Exchange Derivative Financial Instruments**

The company uses 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 hedging activities are to mitigate its exposure to changes in exchange rates on intercompany and third party trade receivables and payables. 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 balance sheet exposures. The following table summarizes the forward and option purchase contracts outstanding at June 28, 2003, the fair value of which was ($0.1) million at the end of the quarter:

| Sell | Purchase | Maturity |
|---|---|---|
| 750,000 Euro | $857,500 U.S. Dollars | July 28, 2003 |
| 1,000,000 British Pounds | $1,629,400 U.S. Dollars | July 9, 2003 |
| 600,000 British Pounds | $993,600 U.S. Dollars | July 25, 2003 |
| 400,000 British Pounds | $663,500 U.S. Dollars | July 25, 2003 |
| 5,170,000 Mexican Pesos | $485,900 U.S. Dollars | July 9, 2003 |
| 6,161,400 Mexican Pesos | $580,100 U.S. Dollars | July 9, 2003 |
| 17,250,000 Taiwan Dollars | $494,700 U.S. Dollars | July 9, 2003 |
| 1,000,000,000 Korean Won | $824,900 U.S. Dollars | July 9, 2003 |

**Item 4. Controls and Procedures**

The company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Within 90 days prior to the date of this report, the company carried out an evaluation, under the supervision and with the participation of the company's management, including the company's Chief Executive Officer and the company's Chief Financial Officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures. Based on the foregoing, the company's Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures were effective.

There have been no significant changes in the company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the company completed its evaluation.

**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 28, 2003, except as follows:

Item 2. Changes in Securities

c) During the second quarter of fiscal 2003, the company issued 5,750 shares of the company's common stock to division executives pursuant to the exercise of stock options, for $23,600.00 and $7,875.00, respectively. Such options were granted for 4,000 shares at exercise prices of $5.90 and 1,750 shares at $4.50 per share, respectively. 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 and the rules and regulations thereunder, as transactions by an issuer not involving a public offering.

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

On May 15, 2003, the company held its 2003 Annual Meeting of Stockholders. The following persons were elected as directors to hold office until the 2004 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, Laura B. Whitman, William F. Whitman, Jr., W. Fifield Whitman III 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 | 6,942,717 | 384,494 | 0 |
| Henry | 6,942,717 | 384,494 | 0 |
| Lummus | 6,942,654 | 384,557 | 0 |
| Miller | 6,942,717 | 384,494 | 0 |
| Putnam | 6,942,717 | 384,494 | 0 |
| Riley | 6,942,717 | 384,494 | 0 |
| Streeter | 6,942,717 | 384,494 | 0 |
| Whitman, L. | 6,429,525 | 897,686 | 0 |
| Whitman, W.,Jr | 6,841,213 | 485,998 | 0 |
| Whitman, W.,III | 6,614,900 | 712,311 | 0 |
| Yohe | 6,942,717 | 384,494 | 0 |

The stockholders voted to approve the ratification of the selection of Deloitte and Touche LLP as independent auditors for the company for the fiscal year ending January 3, 2004. 7,327,161 shares were cast for such election, 50 shares were cast against such election, and 0 shares abstained.

The stockholders also voted to amend The Middleby Corporation Management 1998 Stock Incentive Plan to increase by 250,000 the number of shares available for grants. 6,417,255 shares were cast for ratification, 907,906 shares were cast against ratification and 2,050 shares abstained. There were no broker non-votes with respect to this proposals.

**Item 6. Exhibits and Reports on Form 8-K**

a) Exhibits – The following Exhibits are filed herewith

Exhibit 10(A) - Amendment No. 4 to Amended and Restated Employment Agreement of William F. Whitman, dated January 2, 2003

Exhibit 10(B) – Amendment No. 1 to Employment Agreement of Selim A. Bassoul, dated July 3, 2003.

Exhibit 31.1 – Rule 13a-14(a) Certification of CEO.

Exhibit 31.2 – Rule 13a-14(a) Certification of CFO.

Exhibit 31.3 – Rule 13a-14(a) Certification of CAO.

Exhibit 32.1 - Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 - Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.3 - Certification of Principal Administrative Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b) Reports on Form 8-K

On May 16, 2003 (date of earliest event reported was May 16, 2003), the company filed a report on Form 8-K, in response to Item 5, Other Events, announcing the company's management changes.

On May 28, 2003 (date of earliest event reported was May 28, 2003), the company filed a report on Form 8-K, in response to Item 5, Other Events, announcing the company's management changes.

On July 28, 2003 (date of earliest event reported was July 28, 2003), the company filed a report on Form 8-K, in response to Item 9, Regulation FD Disclosure, announcing the company's fiscal second quarter 2003 results.

On August 4, 2003 (date of earliest event reported was August 4, 2003), the company filed a report on Form 8-K, in response to Item 5, Other Events, announcing the company's prepayment of notes due to Maytag Corporation.

## 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 8, 2003

By: /s/ Timothy J. FitzGerald
Timothy J. FitzGerald
Vice President,
Chief Financial Officer

Exhibit 10(A)

**Amendment No. 4 to**
**Amended and Restated Employment Agreement**
**of William F. Whitman, Jr.**

This Amendment No. 4 is made this 2nd day of January, 2003 by and among THE MIDDLEBY CORPORATION, a Delaware corporation, MIDDLEBY MARSHALL INC., a Delaware corporation, (collectively the "Employer") and WILLIAM F. WHITMAN, JR. ("Whitman").

RECITALS

A. Employer and Whitman are parties to that certain Amended and Restated Employment Agreement dated as of January 1, 1995 (the "1995 Agreement") as amended by Amendment No. 1 dated January 1, 1998, Amendment No. 2 dated January 1, 2001 and Amendment No. 3 dated April 16, 2002 (as so amended, the "Employment Agreement").

B. In 2001 Employer adopted a Management Incentive Plan (the "Plan") for certain senior executives, including Whitman. The Plan provides for specified annual cash bonuses in amounts determined by the level of Employer's attainment of pre-established performance goals. With respect to Whitman, the Plan was intended to, and did in fact, replace the annual bonus provided for under the Employment Agreement.

C. Employer and Whitman wish to amend the Employment Agreement (i) to reflect the aforesaid facts, (ii) to increase Whitman's base salary, and (iii) to eliminate an offset against Whitman's retirement benefit.

AGREEMENT

NOW THEREFORE the parties agree as follows:

1. Effective as of the beginning of Employer's fiscal year 2001, Section 4(b) of the Employment Agreement is hereby amended to read as follows:

> (b) Incentive Compensation. Whitman shall be eligible to participate in the Management Incentive Plan adopted by the Employer in 2001 subject to all terms and conditions thereof. Under such Plan, if the Employer attains certain pre-established EBITDA goals (attainment of such goals to be determined after taking into account any incentive compensation to be paid to Whitman and any other participating employees under the Plan), Whitman shall be entitled to receive (in addition to his base salary) for the fiscal year ending December 31, 2002 and for each fiscal year thereafter, an amount equal to (i) $310,000 (for fiscal 2002) or $360,000 (for each fiscal year after 2002), plus (ii) an additional $25,000 for each $120,000 by which the Employer's actual EBITDA for such fiscal year exceeds the EBITDA goal for such fiscal year. The EBITDA goals are set forth on Exhibit A hereto.

2. Section 4(a) of the Employment Agreement is hereby amended by adding after the third sentence (added by Amendment No. 2) the following sentence:

> Commencing January 1, 2003 Whitman's base salary will be at a rate not less than $600,000 per annum.

3. Section 7(a) of the Employment Agreement is hereby amended by deleting the second sentence of the second unnumbered paragraph thereof. (The deleted sentence reads as follows: "Any such retirement benefits will be reduced, commencing March 1, 2005, by the amount per month which Whitman is entitled to receive under the Salaried Retirement Plan of the Company which was terminated in 1982.") Whitman acknowledges and agrees that the Company has no present or future liabilities or obligations of any kind, whether accrued, contingent or otherwise, to Whitman or his beneficiaries or designees under or by reason of the said Salaried Retirement Plan.

4. Any references in the Employment Agreement to "bonuses" or the "bonus pool program" under subsection 4(b) shall be deemed to refer to "incentive compensation" or the "incentive compensation program" under subsection 4(b), on and after the date hereof.

5. Except as above amended, the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the parties hereto have executed this instrument as of the day and year first above stated.

THE MIDDLEBY CORPORATION
AND
MIDDLEBY MARSHALL INC.

By: /s/ Selim A. Bassoul
President and Chief
Executive Officer

William F. Whitman, Jr.
WILLIAM F. WHITMAN, JR.

EXHIBIT A

**EBITDA Goals**

The following are the EBITDA goals to be used for purpose of determining incentive compensation under the Management Incentive Plan, as set forth in the Agreement to which this Exhibit is attached:

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|
| **EBITDA Goal*** | $ 29,154,600 | 32,653,152 | 36,571,530 | 40,960,114 | 45,875,328 | 51,380,367 |

*Notes Regarding EBITDA Goals

1. The definition of EBITDA excludes foreign exchange (FX) gains/losses. This is consistent with the annual operating plan for the Employer and the bank lending group's definition. FX gains/losses are not excluded in the publicly reported financial results.

2. The EBITDA Goal for any full year shall be deemed to be attained only if it is attained after taking into account any and all bonuses and incentive compensation payable to all employees, including incentive compensation payable to all employees participating under the Management Incentive Plan, for the applicable year.

3. If actual EBITDA for any particular full year exceeds the goal for that year to the extent that it also exceeds the goal for the next following year, the EBITDA goal for such next following year shall be automatically increased to equal the actual EBITDA for such prior year. EBITDA goals for subsequent years do not automatically change. *For example*, if the actual EBITDA for 2002 is $32,700,000, then the EBITDA Goal for 2003 will automatically increase to $32,700,000; however, the EBITDA goals for 2004 through 2007 shall not automatically adjust at that time.

**Exhibit 10(B)**

**AMENDMENT NO. 1**
**TO**
**EMPLOYMENT AGREEMENT OF SELIM A. BASSOUL**

This Amendment No. 1 is made this 3rd day of July, 2003, by and among THE MIDDLEBY CORPORATION, a Delaware corporation, MIDDLEBY MARSHALL INC., a Delaware corporation, (collectively the "Employer") and SELIM A. BASSOUL ("Employee").

**RECITALS**

A. Employer and Employee are parties to that certain Employment Agreement dated as of May 16, 2002 (the "Employment Agreement"), under which Employee is entitled to the continuation of certain benefits in the event that his employment is terminated without "Cause" (as defined therein) or within six months of a "Change in Control" (as defined therein).

B. Employer and Employee wish to amend the Employment Agreement (i) to clarify the circumstances under which certain group health benefits are provided to Employee in the event of a termination of employment, (ii) to increase the period of time that certain group health benefits are provided to Employee in the event of a termination under such circumstances, and (iii) to provide certain lifetime health benefits in the event that Employee continues to be employed by Employer until he reaches age 51 or later, and in certain other events described more fully below.

**AGREEMENT**

NOW THEREFORE the parties agree as follows:

1. Section 5(b) of the Employment Agreement is hereby amended to read as follows:

"(b) Notwithstanding anything to the contrary contained in this Agreement, in the event that (i) the Employer terminates Employee's employment under this Agreement (as hereafter amended or extended) without "Cause" (as defined below), or (ii) the Employee terminates his employment under this Agreement within the six-month period immediately following a "Change in Control" (as defined below), by providing written notice of such termination to the Employer, Employee shall be entitled to (A) payments for a period of twenty-four (24) months following his date of termination of employment in an amount equal to his annual monthly salary in effect at such date, payable at the times such amounts would have been payable were Employee still employed by the Employer; and (B) continued participation by Employee and any dependents who were participating immediately prior to Employee's termination of employment, in all health and medical plans and programs which the Employer maintains, from time to time, for its senior executives and their families, under the same terms and conditions, including payment of any required employee contributions therefor, as may generally apply, for the period ending with the earlier of (I) the date Employee becomes eligible to be covered, as an employee, under a health or medical plan or program sponsored by another employer, or (II) the date Employee becomes eligible for any health or medical benefits under Title XVIII of the Social Security Act (Medicare) or any governmental program in replacement thereof, provided that such participation in the Employer plans and programs is permitted under the provisions of such Employer plans and programs. In the event that participation in any such Employer plan or program is barred or otherwise not permitted, the Employer shall provide substantially similar health and medical benefits to Employee and any eligible dependents, in which case the Employer may self-fund such benefits or may purchase individual policies or plans to provide such benefits, in its sole discretion. Solely for purposes of continuing health plan participation as set forth in sub-clause (B) above, and not for purposes of salary continuation as set forth in sub-clause (A) above, the failure of the Employer, prior to the expiration of the Agreement, to offer to extend the term of the Agreement until a date which is on or after Employee's 51st birthday, upon the same terms and conditions (or terms and conditions more favorable to Employee) as in effect on the day the Agreement expires, shall be treated as a termination of Employee's employment by Employer, under this Agreement."

2. Section 5 of the Employment Agreement is hereby amended by adding after subsection (b) a new subsection (c) to read as follows, and by renumbering the existing subsections (c) and (d) as (d) and (e), respectively:

"(c) Notwithstanding anything to the contrary contained in this Agreement, in the event that (i) prior to Employee's 51st birthday the Employee's employment under this Agreement is terminated on account of the Employee's death or "Disability" (as defined below), (ii) prior to Employee's 51st birthday the Employer terminates Employee's employment under this Agreement without "Cause" following a Change in Control (or prior to a Change in Control as a condition of the acquirer to such Change in Control), (iii) prior to Employee's 51st birthday the Employee terminates his employment under this Agreement within the six-month period immediately following a "90% Change in Control" (as defined below) by providing written notice of such termination to the Employer, or (iv) the Employee's employment with Employer continues without interruption until Employee's 51st birthday and terminates on or after Employee's 51st birthday, for any reason, but excluding a termination for Cause, then, in any such event Employee shall be entitled to continued participation by Employee and any dependents who were participating immediately prior to Employee's termination of employment, in all health and medical plans and programs which the Employer maintains, from time to time, for its senior executives and their families, under the same terms and conditions, including payment of any required employee contributions therefor, as may generally apply (including any limitation or termination of coverage of non-spouse dependents after a stated age), until the later of the death of Employee or Employee's surviving spouse to whom he was married at the time of termination of employment, provided that such participation in the Employer plans and programs is permitted under the provisions of such Employer plans and programs, and provided, further, that at such time as Employee, or any covered dependent of Employee, becomes eligible for health or medical benefits under Title XVIII of the Social Security Act (Medicare) or any governmental program in replacement thereof, such health or medical benefits shall automatically become the primary coverage for such person(s) and the coverage provided hereunder shall be secondary to such other coverage, to the maximum extent permitted under applicable law. If, while eligible for benefits under this Subsection 5(c), Employee becomes employed by any person and becomes eligible for health and medical benefits under such employer's health plan, the Employer shall be relieved, during the period of such employment and to the extent of the benefits for which Employee and his dependents are eligible under such employer's plan, of the obligation to provide the health and medical benefits described in this Subsection 5(c). In the event that participation in any such Employer plan or program is barred or otherwise not permitted, the Employer shall provide substantially similar health and medical benefits to Employee and any eligible dependents, in which case the Employer may self-fund such benefits or may purchase individual policies or plans to provide such benefits, in its sole discretion."

3(A). Subsection 5 (e) (originally subsection 5(d) but renumbered pursuant to Paragraph 2 above) of the Employment Agreement reads as follows:

"(e) For purposes of this Section 5, the term "Change in Control" shall mean any 25 percentage point increase in the percentage of outstanding voting securities of TMC 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 TMC held by such person or group of persons on the date hereof.

Example: On April 16, 2002 individual A owns 2.42% of the total outstanding voting securities of TMC. Thereafter, individual A commences a series of open market and private purchases, and on September 16, 2002 for the first time his holdings exceed 27.42% of the outstanding voting securities of TMC. A Change of Control occurs on September 16, 2002."

(B). Section 5 of the Employment Agreement is hereby amended by adding after subsection (e) new subsections (f) and (g) to read as follows:

"(f) For purposes of this Section 5, the term "Disability" shall mean Employee's failure to substantially discharge his duties under this Agreement for one hundred and eighty (180) consecutive days as a result of illness, injury, or any other physical or mental incapacity. An affirmative determination of Employee's Disability shall be made by two licensed physicians (chosen by the Employee and approved by Employer, which approval shall not be unreasonably withheld), which determination shall be binding upon the parties.

(g) For purposes of this Section 5, the term "90% Change in Control" shall mean any 90 percentage point increase in the percentage of outstanding voting securities of TMC 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 TMC held by such person on June 1, 2003.

Example: On June 1, 2003 Company Y owns none of the outstanding voting securities of TMC. Thereafter, through a series of open market and private purchases and a public tender offer, on September 1, 2004 for the first time Company Y owns at least 90% of the outstanding voting securities of TMC.

A 90% Change in Control occurs on September 1, 2004."

4. Except as above amended, the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the parties hereto have executed this instrument as of the day and year first above stated.

| **THE MIDDLEBY CORPORATION AND MIDDLEBY MARSHALL INC.** | **SELIM A. BASSOUL** |
|---|---|
| By: /s/ William F. Whitman, Jr.<br>Chairman of the Board | /s/ Selim A. Bassoul |

EXHIBIT 31.1

**CERTIFICATIONS**

I, Selim A. Bassoul, President and Chief Executive Officer, certify that:

1. I have reviewed this report on Form 10-Q of The Middleby Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 8, 2003

/s/ Selim A. Bassoul
Selim A. Bassoul
President and Chief Executive Officer of The Middleby Corporation

EXHIBIT 31.2

**CERTIFICATIONS**

I, Timothy J. Fitzgerald, Chief Financial Officer, certify that:

1. I have reviewed this report on Form 10-Q of The Middleby Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 8, 2003

/s/ Timothy J. FitzGerald
Timothy J. FitzGerald
Chief Financial Officer of The Middleby Corporation

EXHIBIT 31.3

**CERTIFICATIONS**

I, David B. Baker, Chief Administrative Officer, certify that:

1. I have reviewed this report on Form 10-Q of The Middleby Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 8, 2003

/s/ David B. Baker
David B. Baker
Chief Administrative Officer of The Middleby Corporation

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Selim A. Bassoul, President and Chief Executive Officer (principal executive officer) of The Middleby Corporation (the "Registrant"), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended June 28, 2003 of the Registrant (the "Report"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly represents, in all material aspects, the financial condition and results of operations of the Registrant.

Date: August 8, 2003

/s/ Selim A. Bassoul
Selim A. Bassoul

NOTE: A signed original of this written statement required by Section 906 has been provided to The Middleby Corporation and will be retained by The Middleby Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by law, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Timothy J. FitzGerald, Vice President, Chief Financial Officer and Secretary (principal financial officer) of The Middleby Corporation (the "Registrant"), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended June 28, 2003 of the Registrant (the "Report"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly represents, in all material aspects, the financial condition and results of operations of the Registrant.

Date: August 8, 2003

/s/ Timothy J. FitzGerald
Timothy J. FitzGerald

NOTE: A signed original of this written statement required by Section 906 has been provided to The Middleby Corporation and will be retained by The Middleby Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by law, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.3

Certification of Principal Administrative Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, David B. Baker, Vice President, Chief Administrative Officer and Secretary (principal administrative officer) of The Middleby Corporation (the "Registrant"), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended June 28, 2003 of the Registrant (the "Report"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly represents, in all material aspects, the financial condition and results of operations of the Registrant.

Date: August 8, 2003

/s/ David B. Baker
David B. Baker

NOTE: A signed original of this written statement required by Section 906 has been provided to The Middleby Corporation and will be retained by The Middleby Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by law, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.