MIDDLEBY CORP
Form 10-K/A
March 28, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

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

For the Fiscal Year Ended December 29, 2001

OR

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

Commission File No. 1-9973

THE MIDDLEBY CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**36-3352497**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
1400 Toastmaster Drive, Elgin, Illinois	**60120**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code**847-741-3300**

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

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

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

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

to such filing requirements for the past 90 days.
Yes |X| No |_|.

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

The aggregate market value of the voting stock held by nonaffiliates of the Registrant as of March 25, 2002 was approximately $56,433,389. The number of shares outstanding of the Registrant s class of common stock, as of March 25, 2002, was 8,971,922 shares.

Documents Incorporated by Reference

Part III of Form 10-K incorporates by reference the company s definitive proxy statement to be filed pursuant to Regulation 14A in connection with the 2002 annual meeting of stockholders.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
DECEMBER 29, 2001

FORM 10-K/A ANNUAL REPORT

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PART I

Explanatory Note

The company issued a press release August 7, 2002, relating to the company s intention to restate its annual financial statements for fiscal year 2001 and the first quarter of fiscal year 2002. This amendment on Form 10-K/A (Amendment No. 1) amends the company s annual report on Form 10-K for the year ended December 29, 2001, as filed with the Securities and Exchange Commission on March 29, 2002, and is being filed to reflect the restatement of the company s financial statements. The significant effects of this restatement on the financial statements are presented in Note 3 to the financial statements and Item 7 in Part II of this amended annual report on Form 10-K/A (Amendment No. 1). This amendment incorporates certain revisions to historical financial data and related descriptions but is not intended to update other information presented in this annual report as originally filed, except where specifically noted.

This amended annual report on Form 10-K/A (Amendment No. 1) contains certain forward-looking statements that are based on the beliefs of, and estimates made by and information currently available to the company s management. The words expect, anticipate, intend, plan and simil expressions identify forward-looking statements. These statements are subject to risks and uncertainties. Actual results could differ materially from those discussed here. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below in Factors That May Affect Our Future Operating Results and elsewhere in this annual report on Form 10-K/A (Amendment No. 1).

Item 1. Business

General

The Middleby Corporation (Middleby or the company), through its operating subsidiary Middleby Marshall Inc. (Middleby Marshall) and its subsidiaries, is a leader in the design, manufacture, marketing, distribution, and service of a broad line of cooking and warming equipment used in all types of foodservice operations, including quick-service restaurants, full-service restaurants, retail outlets, hotels and other institutions. The company s products include Middleby Marshall® and CTX® conveyor oven equipment, Blodgett® convection, conveyor, and deck oven equipment, Blodgett Combi® cooking equipment, Pitco Frialator® fryer equipment, Southbend® ranges, convection ovens and heavy-duty cooking equipment, SteamMaster® steam cooking equipment, Toastmaster® toasters and counterline cooking and warming equipment, and MagiKitch n® charbroilers and catering equipment.

Founded in 1888 as a manufacturer of baking ovens, Middleby Marshall Oven Company was acquired in 1983 by TMC Industries Ltd., a publicly traded company that changed its name in 1985 to The Middleby Corporation. Throughout its history, the company had been a leading innovator in the baking equipment industry and in the early 1980s positioned itself as a leading foodservice equipment manufacturer by introducing the conveyor oven that revolutionized the pizza market. In 1989, the company became a broad line equipment manufacturer through the acquisition of the Foodservice Equipment Group of Hussmann Corporation, which included Southbend, Toastmaster and CTX. The company initiated its international distribution and service strategy in 1990 by acquiring a controlling interest in Asbury Associates, Inc., which was renamed Middleby Worldwide in 1999. In 1991, the company established Middleby Philippines Corporation (MPC) to provide modular foodservice equipment and custom kitchen fabrications to restaurant and hotel chains in the Pacific Rim and Middle Eastern markets. In 2001, Middleby became one of the largest suppliers of commercial cooking and warming equipment through the acquisition of the commercial cooking subsidiary, Blodgett Holdings, Inc. (Blodgett) from Maytag Corporation.

The company has identified, as a major area of growth, the rapidly growing international markets targeted by restaurant and hotel chains. To capture this market, the company established its International Distribution Division, Middleby Worldwide. Middleby s global network enables it to offer equipment to be delivered virtually anywhere in the world, installed and serviced by Middleby. The company believes that its full service program provides it with a competitive advantage. As the first company in its industry to take these initiatives, Middleby has positioned itself as a preferred foodservice equipment supplier to major restaurant chains expanding globally.

Business Divisions and Products

The company conducts its business through two principal business divisions, the Cooking Systems Group and the International Distribution Division. See Note 11 to the Consolidated Financial Statements for further information on the company s business divisions.

Cooking Systems Group

Middleby Cooking Systems Group, the company s manufacturing division, has operations located in Illinois, New Hampshire, North Carolina, Vermont and the Philippines. The division s principal product groups include:

Conveyor Oven Equipment Product Group Middleby Marshall, Blodgett and CTX

The conveyor oven equipment product group manufactures ovens that are ideal for high volume applications, providing for maximum production and efficiency, while allowing a restaurant owner to retain flexibility in menu offerings. The conveyor oven equipment allows for standardization of the food preparation process, which in turn provides for labor savings opportunities and a greater consistency of the final product. As a result, most major pizza chains, as well as other non-pizza restaurants chains and institutions utilize conveyor oven equipment.

The Middleby Marshall oven line is the world s conveyor cooking equipment leader. A brand of baking and cooking equipment since 1888, the Middleby Marshall name is renowned for quality and durability. Middleby Marshall ovens are used by a majority of the leading pizza chains. Middleby Marshall conveyor ovens utilize a patented process, Jet-Sweep air impingement, that forces heated air at high velocities through a system of nozzles above and below the food product, which is placed on a moving conveyor belt. This process achieves faster baking times and greater consistency of bake than conventional ovens.

The company also markets conveyor ovens under the Blodgett and CTX brands, which are designed for more specialized, lower volume applications. The broad line of Blodgett conveyor ovens include smaller table-top ovens suited for fast food kiosks in airports and shopping malls. CTX conveyor ovens are sold to restaurants and pizza outlets and offer such additional features as a programmable time and temperature control as well as a self-cleaning function.

Core Cooking Equipment Product Group Blodgett, Blodgett Combi, Pitco Frialator, Southbend and MagiKitch n

The Core Cooking Equipment Product Group manufactures the equipment that is central to most any restaurant kitchen. The products offered by this division includes ranges, convection ovens, fryers, combi-ovens, charbroilers, and steam equipment. These products are distributed under the Blodgett, Pitco Frialator, Southbend, and MagiKitch n brand names.

Blodgett, known for its durability and craftsmanship, is the leading brand of convection and combi ovens. In demand since the late 1800 s, the Blodgett oven has stood the test of time and set the industry standard. Restaurants, fast-food chains, hotels, hospitals, institutions rely on the Blodgett name.

Pitco Frialator offers a broad line of gas and electric equipment combining reliability with efficiency in simple-to-operate professional frying equipment. Since 1918, Pitco fryers have captured a major market share by offering simple, reliable equipment for cooking menu items such as french fries, onion rings, chicken, donuts, and seafood. By their very design, Pitco s Frialators offer substantial advances over bottom-fired fryers. The tube-fired heating system creates a larger heat transfer area that quickly heats oil to proper cooking temperatures. Since there is less waiting for oil to heat, your food is less likely to absorb shortening and more likely to maintain flavor. The innovation continues today. Pitco Frialator now offers the Solstice Series - a selection of fryers that operate cooler - and smarter - for maximum efficiency. The company also markets pasta cookers and rethermalizers, which are ideal for schools and other largescale kitchen operations that re-heat frozen prepared foods, under the Pitco brand name. Pitco s unique rethermalizing process improves product consistency while providing for labor and energy savings.

In the market for 100 years, Southbend products, mainly heavy-duty, gas-fired equipment, include ranges, convection ovens, broilers, fryers, griddles, steamers and steam cooking equipment. Southbend products are offered as standardized equipment for general use in restaurants and institutions, and also are made to specification for use by the professional chef. Southbend is known for its innovative product features and premier cooking line. Its 40,000 BTU Pyromax® range doubled the industry standard for BTU s when it was introduced in 1996. Southbend s Marathoner Gold® convection oven has been judged by a leading industry publication to be the best baking convection oven on the market. The Southbend Simple Steam steamer is the industry s lowest maintenance and lowest water usage pressureless steamer, and was awarded the 1998 Product Design of the Year by the Electric Foodservice Council.

For more than 60 years, MagiKitch n has been refining the art of charbroiling. For easy grilling of everything from steaks, sausages, ribs and chicken to burgers and brats, professional chefs enjoy the quality construction, high performance and flexible operation of the MagiKitch n line of products. In 1991, MagiKitch n used their 60 years of experience producing quality restaurant grills, to craft a new line of commercial outdoor cooking equipment. MagiCater portable charbroilers have a modular design for easy transport, fast set-up, and ease of cleaning. MagiKitch n is unsurpassed in performance, quality construction, and flexibility.

Counterline Cooking Equipment Product Group - Toastmaster

Counterline cooking equipment products are predominantly light and medium-duty electric equipment, including pop-up and conveyor toasters, hot food servers, foodwarmers and griddles marketed under the Toastmaster brand name. A leading equipment brand since

1917, Toastmaster has been voted the number one toaster product for nineteen consecutive years in the Annual Industry Leaders survey by ID magazine. As a major supplier to global restaurant chains, Toastmaster is able to customize products to fit a chain s particular needs. Toastmaster products are designed with energy saving features and food safety technologies.

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

International Specialty Equipment Product Group - Middleby Philippines Corporation

Founded in 1991, Middleby Philippines Corporation (MPC) engineers, manufactures and installs modular foodservice equipment and custom kitchen fabrications used primarily in conjunction with standard equipment manufactured in the U.S. to provide a complete kitchen installation. Principal products include serving stations, worktables, undercounter refrigeration systems, ventilation systems, cabinets and shelving. Customers are primarily Asian operations of major U.S. and international foodservice chains. Additionally, in 2000 MPC began production of component parts and finished products for the company s domestic operations. This activity now accounts for approximately 50% of MPC s business. MPC s manufacturing and assembly operations are located in a modern 54,000 square foot facility outside of Manila.

International Distribution Division - Middleby Worldwide

Middleby Worldwide provides integrated export management and distribution services. The division sells the company s product lines and certain non-competing complementary product lines of other manufacturers throughout the world. The company offers customers a complete package of kitchen equipment, delivered and installed in over 100 countries. For a local country distributor or dealer, the division provides centralized sourcing of a broad line of equipment with complete export management services, including export documentation, freight forwarding, equipment warehousing and consolidation, installation, warranty service and parts support. Middleby Worldwide has regional export management companies in Asia, Europe and Latin America complemented by sales and distribution offices located in Canada, China, India, Japan, Korea, Mexico, the Philippines, Spain, Taiwan and the United Kingdom.

The Customers and Market

The company s domestic sales are primarily through independent dealers and distributors and are marketed by the company s sales personnel and network of independent manufacturers representatives. The company s international sales are through a combined network of independent and company-owned distributors. The company maintains sales and distribution offices in Canada, China, India, Japan, Korea, Mexico, the Philippines, Spain, Taiwan and the United Kingdom. The company s end-user customers include: (i) fast food or quick-service restaurants, (ii) full-service restaurants, including casual-theme restaurants, (iii) retail outlets, such as convenience stores, supermarkets and department stores and (iv) public and private institutions, such as hotels, resorts, schools, hospitals, long-term care facilities, correctional facilities, stadiums, airports, corporate cafeterias, military facilities and government agencies. Many of the dealers in the U.S. belong to buying groups that negotiate sales terms with the company. Certain large multi-national restaurant and hotel chain customers have purchasing organizations that manage product procurement for their systems. Included in these customers are several large restaurant chains, which account for a significant portion of the company s business.

During the past several decades, growth in the U.S. foodservice industry has been driven primarily by population growth, economic growth and demographic changes, including the emergence of families with multiple wage-earners and growth in the number of higher-income households. These factors have led to a demand for convenience and speed in food preparation and consumption. As a result, U.S. foodservice sales grew for the tenth consecutive year to approximately $393 billion in 2001. Sales in 2002 are projected to increase to $408 billion, an increase of 3.9% over 2001. The quick-service restaurant segment within the foodservice industry has been the fastest growing segment since the mid 80 s. Total quick-service sales amounted to $111 billion in 2001 and are expected to increase 3.7% to $115 billion in 2002. The full-service restaurants represent the largest portion of the foodservice industry and represented $140 billion in sales in 2001 and are expected to increase 4.5% to $147 billion in 2002. This segment has seen increased chain concepts and penetration in recent years, particularly in upscale segments, driven by the aging of the baby boom generation.

Over the past decade, the food service industry has enjoyed steady growth in the United States due to the development of new quick-service and casual-theme restaurant chain concepts, the expansion into nontraditional locations by quick-service restaurants and store equipment modernization. In the international markets, foodservice equipment manufacturers have been experiencing stronger growth than the U.S. market due to rapidly expanding international economies and increased opportunity for expansion by U.S. chains into developing regions.

The company believes that the worldwide foodservice equipment market has sales in excess of $10 billion at a growth rate outpacing the U.S. The company believes that continuing growth in demand for foodservice equipment will result from the development of new restaurant units and the expansion of U.S. chains into international markets and the replacement and upgrade of existing equipment.

The company s backlog of orders, including orders for Blodgett equipment, was $18,963,000 at December 29, 2001, all of which is expected to be filled during 2002. The company s backlog, excluding orders for Blodgett equipment, was $10,918,000 at December 30, 2000. The backlog is not necessarily indicative of the level of business expected for the year, as there is generally a short time between order receipt and shipment for the majority of the company s products.

Marketing and Distribution

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

In the United States, the company distributes its products to independent end-users through a network of non-exclusive dealers nationwide, who are supported by manufacturers marketing representatives. Sales are made direct to certain large restaurant chains that have established their own procurement and distribution organization for their franchise system.

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

Services and Product Warranty

The company is an industry leader in equipment installation programs and after-sales support and service. The company provides warranty on its products typically for a one-year period and in certain instances greater periods up to ten years. The emphasis on global service increases the likelihood of repeat business and enhances Middleby s image as a partner and provider of quality products and services. It is critical to major foodservice chains that equipment providers be capable of supporting equipment on a worldwide basis.

The company s domestic service network consists of over 100 authorized service parts distributors and 3,000 independent certified technicians that have been formally trained and certified by the company through its factory training school and on-site installation training programs. The service network is separate from the sales network to ensure that technicians remain focused on service issues rather than new business. Technicians work through service parts distributors, which are required to provide around-the-clock service via a toll-free paging number. The company provides substantial technical support to the technicians in the field through factory-based technical service engineers. The company has stringent parts stocking requirements for these agencies, leading to an exceptionally high first-call completion rate for service and warranty repairs.

Middleby s international service network covers over 100 countries with more than 1,000 service technicians trained in the installation and service of the company s products and supported by internationally-based service managers along with the factory-based technical service engineers. As with its domestic service network, the company maintains stringent parts stocking requirements for its international distributors.

Competition

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

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

The company believes that it is the largest multiple-line manufacturer of cooking and warming equipment in the U.S. and worldwide, although some of its competitors are units of operations that are larger than the company and possess greater financial and personnel resources. Among the company s major U.S. competitors are certain divisions of Welbilt Corporation, a subsidiary of Enodis plc; Hobart Corporation and Vulcan-Hart Corporation, both subsidiaries of Illinois Tool Works Inc.; and Wells Manufacturing company, a subsidiary of United Technologies Corporation. Major international-based competitors include Zanussi, a subsidiary of Electrolux AB, and Ali Group.

Manufacturing and Quality Control

The company manufactures product in four domestic and one international production facilities. In Elgin, Illinois, the company manufactures conveyor oven and counterline cooking equipment products. In Burlington, Vermont the company manufactures its combi oven, convection oven, conveyor oven and deck oven product lines. In Fuquay-Varina, North Carolina, the company manufactures ranges, steamers, combi ovens, convection ovens and broiling equipment. In Bow, New Hampshire, the company manufactures fryers, charbroilers and catering equipment products. In Laguna, the Philippines the company manufactures fryers, kitchen fabrication and component parts for the U.S. manufacturing facilities. Metal fabrication, finishing, sub-assembly and assembly operations are conducted at each manufacturing facility. Equipment installed at individual manufacturing facilities includes numerically controlled turret presses and machine centers, shears, press brakes, welding equipment, polishing equipment, CAD/CAM systems and product testing and quality assurance measurement devices. The company s CAD/CAM systems enable virtual electronic prototypes to be created, reviewed and refined before the first physical prototype is built.

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

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

Sources of Supply

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

Research and Development

The company believes its future success will depend in part on its ability to develop new products and to improve existing products. Much of the company s research and development efforts are directed to the development and improvement of products designed to reduce cooking time, reduce energy consumption or minimize labor costs, while maintaining consistency and quality of cooking production. The company has identified these issues as key concerns of most restaurant operators. The company often identifies product improvement opportunities by working closely with customers on specific applications. Most research and development activities are performed by the company s technical service and engineering staff located at each manufacturing location. On occasion, the company will contract outside engineering firms to assist with the development of certain technical concepts and applications.

Licenses, Patents, and Trademarks

The company owns numerous trademarks and trade names; among them, Blodgett®, Blodgett Combi®, CTX®, MagiKitch n®, Middleby Marshall®, Pitco Frialator®, Southbend®, SteamMaster® and Toastmaster® are registered with the U.S. Patent and Trademark Office and in various foreign countries.

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

Middleby Marshall has an exclusive license from Enersyst Development Center L.L.C. (Enersyst) to manufacture, use and sell Jetsweep air impingement ovens in the U.S. for commercial food applications in which the interior length or width of a rectangular cooking area, or in which the diameter of a circular cooking area, equals or exceeds 36 inches. The Enersyst license covers numerous existing patents and provides further exclusive and non-exclusive license rights to existing and future developed technology. Middleby Marshall also holds an exclusive sublicense from Lincoln Foodservice Products, Inc. (Lincoln), a subsidiary of Welbilt Corporation, to manufacture, use and sell throughout the world, other than in the U.S. and Japan, air impingement ovens of the above-described dimensions for commercial food applications. This sublicense covers the foreign analogues of the patents covered by the Enersyst license and grants Middleby Marshall rights of first refusal for a similar sublicense in Japan. The Enersyst license expires the later of the expiration of the last of the licensed patents or September 30, 2008. The Lincoln sublicense expires upon the expiration of the last patented improvement covered by the license. Certain individual patents covered under the Enersyst and Lincoln license agreements expire at varying dates through 2008. While the loss of the Enersyst license or the Lincoln sublicense could have an adverse effect on the company, management believes it is capable of designing, manufacturing and selling similar equipment, although not as technologically advanced. Lincoln and Fuji Chubo Setsubi company, Ltd. are the only other foodservice equipment manufacturers licensed under the Enersyst patents.

Employees

As of December 29, 2001, the company employed 1,222 persons. Of this amount, 486 were management, administrative, sales, engineering and supervisory personnel; 503 were hourly production non-union workers; and 233 were hourly production union members. Included in these totals were 216 individuals employed outside of the United States, of which 149 were management, sales, administrative and engineering personnel, and 67 were hourly production workers, who participate in an employee cooperative. At its Elgin, Illinois facility, the company has a union contract with the International Brotherhood of Teamsters that expires on May 1, 2002. The company also has a union workforce at its manufacturing facility in the Philippines, under a contract that extends through November 2002. Management believes that the relationships between employees, union and management are good.

Seasonality

The company s business, taken as a whole, is not materially affected by seasonality.

Item 2. Properties

The company s principal executive offices are located in Elgin, Illinois. The company operates four manufacturing facilities in the U.S. and one manufacturing facility in the Philippines.

The principal properties of the company are utilized by the Cooking Systems Group segment and are listed below:

Location	Principal Function	Square Footage	Owned/ Leased
Elgin, IL	Manufacturing, Warehousing and Offices	207,000	Owned
Bow, NH	Manufacturing, Warehousing and Offices	102,000	Owned
Fuquay-Varina, NC	Manufacturing, Warehousing and Offices	131,000	Owned
Burlington, VT	Manufacturing, Warehousing and Offices	140,000	Owned
		89,000	Leased
Laguna, the Philippines	Manufacturing, Warehousing and Offices	54,000	Owned

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

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

Item 3.Legal Proceedings

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

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

No matters were submitted to a vote of the security holders in the fourth quarter of the year ended December 29, 2001.

Item 4A. Executive Officers of the Registrant

Name	Age	Principal Occupation and Principal Position and Office with the company	First Became Officer
William F. Whitman, Jr.	62	Chairman of the Board of the company and Middleby Marshall	1983
Selim A. Bassoul	45	President and Chief Executive Officer of the company and Middleby Marshall	2000
David B. Baker	44	Vice President, Chief Financial Officer and Secretary of the company and Middleby Marshall	2000

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

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PART II

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

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

	Closing Share Price	
	High	**Low**
Fiscal 2001		
First quarter	8.000	5.750
Second quarter	7.450	5.880
Third quarter	6.150	4.990
Fourth quarter	5.580	4.100
Fiscal 2000		
First quarter	7.010	5.473
Second quarter	7.563	5.104
Third quarter	7.256	5.473
Fourth quarter	6.825	4.919

In July 1998, the company s Board of Directors adopted a stock repurchase program and subsequently authorized the purchase of up to 1,800,000 common shares in open market purchases. As of December 29, 2001, 936,865 shares had been repurchased under the stock repurchase program.

In November 2000, the company completed a self tender offer. The company purchased a total 1,135,359 shares through the tender for approximately $7.9 million. At December 29, 2001, the company had a total of 2,052,474 shares in treasury amounting to $12.0 million. The company estimates there were approximately 1,800 beneficial owners of the company s common stock.

In December 2000, the company declared and paid a $0.10 per common share special dividend to shareholders of record as of the close of business on December 20, 2000. The company s senior bank agreement places certain limitations on its right to issue dividends.

In December 2001, the company issued warrant rights in connection with the senior subordinated notes due to the noteholder, American Capital Strategies. The warrant rights allow the noteholder to purchase Middleby common stock at $4.67 per share. The maximum number of shares, which can be issued under the warrants, is 807,326. The number of warrants that may be exercised may be decreased based upon certain prescribed rates of return earned by the noteholder. There were no underwriters involved in the transaction. The warrants and the common stock underlying the warrants were exempt from registration under Section 4(2) of the Securities Act of 1933. The warrants contained, and the shares issuable upon exercise will contain, restrictive legends.

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PART II

Item 6. Selected Financial Data

(amounts in thousands, except per share data)
Fiscal Year Ended[(1)]

	2001	2000	1999	1998	1997
Income Statement Data:					
Net sales	$ 101,552	$ 126,888	$ 132,541	$ 132,320	$ 148,253
Cost of sales	70,048	81,702	91,551	96,082	102,523
Gross profit	31,504	45,186	40,990	36,238	45,730
Selling and distribution expenses	13,180	15,858	18,694	20,817	22,150
General and administrative expenses	10,390	17,478	14,430	12,304	10,689
Non-recurring expenses			2,208	3,457	
Income (loss) from operations	7,934	11,850	5,658	(340)	12,891
Interest expense and deferred financing amortization, net	740	1,204	2,724	2,916	4,136
Other expense (income), net	794	1,503	763	939	413
Earnings (loss) before income taxes	6,400	9,143	2,171	(4,195)	8,342
Provision (benefit) for income taxes	4,764	5,370	3,165	(211)	2,538
Earnings (loss) from continuing operations	1,636	3,773	(994)	(3,984)	5,804
Discontinued operations, net of income tax					(564)
Earnings (loss) before extraordinary item	$ 1,636	$ 3,773	$ (994)	$ (3,984)	$ 5,240
Extraordinary loss, net of income tax		(235)			
Net earnings (loss)	$ 1,636	$ 3,538	$ (994)	$ (3,984)	$ 5,240
Basic earnings (loss) per share:					
Continuing operations	$ 0.18	$ 0.38	$ (0.10)	$ (0.37)	$ 0.65
Discontinued operations					(0.06)
Extraordinary loss		(0.03)			
Net earnings(loss) per share	$ 0.18	$ 0.35	$ (0.10)	$ (0.37)	$ 0.59
Weighted average number of shares outstanding	8,981	9,971	10,161	10,761	8,863
Diluted earnings (loss) per share:					
Continuing operations	$ 0.18	$ 0.37	$ (0.10)	$ (0.37)	$ 0.64

Discontinued operations					(0.06)
Extraordinary loss		(0.02)			
Net earnings(loss) per share	$ 0.18	$ 0.35	$ (0.10)	$ (0.37)	$ 0.58
Weighted average number of shares outstanding	8,997	10,091	10,277	10,872	9,104
Cash dividends declared per common share	$	$ 0.10	$	$	$
Balance Sheet Data:					
Working capital	$ 12,763	$ 19,084	$ 28,095	$ 30,609	$ 38,790
Total assets(2)	211,397	79,920	99,048	99,679	103,636
Total debt(2)	96,199	8,539	28,135	27,825	27,913
Stockholders equity(2)	39,409	37,461	43,168	44,734	52,333

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

(2) As restated, see note 3 to the accompanying consolidated financial statements.

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

Restatement

Subsequent to the issuance of the company s financial statements for the year ended December 29, 2001, it was determined that the stock warrant rights issued in conjunction with the subordinated senior notes should have been accounted for as a derivative financial instrument in accordance with the Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities instead of as shareholders equity, as the warrant rights contain a provision which provides the noteholder with the option to require the company to repurchase the warrant rights from the noteholder at their fair market value (Put Option) for cash or debt. Additionally, it was determined that the initial value assigned to the warrant rights was based upon assumptions utilizing the maturity of the notes as the expiry, rather than the 10 year life of the stock warrant rights. Management has determined that the initial value assigned to the stock warrant rights should be revalued based upon the 10 year life and reclassified from Stockholders Equity to Other Non-Current Liabilities on the balance sheet due to the terms of the Put Option. The impact of the restatement to the fiscal 2001 balance sheet is a $0.8 million reduction in Long-Term Debt, a $3.3 million increase in Other Non-Current Liabilities and a $2.5 million reduction in Stockholders Equity. The impact of this revision on net earnings in 2001 is de minimis and does not change reported earnings per share for the year ended December 29, 2001.

In addition, it has been determined that a deferred tax liability associated with the intangible assets acquired in connection with the Blodgett acquisition should have been recorded in accordance with SFAS No. 109, Accounting for Income Taxes . The effect of this revision to the fiscal 2001 balance sheet is to increase Goodwill by $10.7 million and increase the Long-term Deferred Tax Liability by $10.7 million. The impact of this revision had no effect on net earnings or earnings per share for the year ended December 29, 2001.

See Note 3 to the consolidated financial statements for summary of principal effects of restatement. Management s discussion and analysis gives effect to the restatement.

Subsequent Events

See Note 15 to the consolidated financial statements for explanation of subsequent events.

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Acquisition

On December 21, 2001, the company completed its acquisition of Blodgett Holdings, Inc. (Blodgett) from Maytag Corporation.

The company has accounted for this business combination using the purchase method to record a new cost basis for the assets acquired and liabilities assumed. The allocation of the purchase price and acquisition costs to the assets acquired and liabilities assumed is subject to change pending additional information that may come to the attention of the company pertaining to the fair values of acquired assets and liabilities and the settlement of post-close adjustments to the purchase price with the seller. The difference between the purchase price and the fair value of the assets acquired and liabilities assumed was recorded as goodwill. Under SFAS No. 142, Goodwill and Other Intangible Assets , goodwill and certain other intangible assets with indefinite lives acquired in conjunction with the Blodgett acquisition will be subject to the nonamortization provisions of this statement from the date of acquisition.

The consolidated financial statements include the operating results and the financial position of Blodgett for the period subsequent to its acquisition on December 21, 2001. The results of operations prior to and including December 21, 2001 are not reflected in the consolidated statements of earnings.

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 changes in the value of stock warrant rights issued in conjunction with the acquisition financing caused by fluctuations in Middleby s stock price and other valuation factors; 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; the ability to successfully integrate the acquired operations of Blodgett; and other risks detailed herein and from time-to-time in the company s Securities and Exchange Commission filings, including those discussed under Risk Factors below in Item 7.

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NET SALES SUMMARY
(dollars in thousands)

	Fiscal Year Ended[1]					
	2001		**2000**		**1999**	
	Sales	**Percent**	**Sales**	**Percent**	**Sales**	**Percent**
Business Divisions:						
Cooking Systems Group:						
Conveyor oven equipment	$ 40,797	40.2	$ 51,941	40.9	$ 48,986	37.0
Core cooking equipment	37,048	36.5	44,233	34.9	41,702	31.4
Counterline cooking equipment	11,071	10.9	12,420	9.8	14,058	10.6
International specialty equipment	4,795	4.7	4,756	3.7	3,166	2.4

Cooking Systems Group	93,711	92.3	113,350	89.3	107,912	81.4
International Distribution Division (2)	21,357	21.0	34,446	27.1	40,352	30.4
Intercompany sales (3)	(13,516)	(13.3)	(20,908)	(16.4)	(16,105)	(12.1)
Other		0.0		0.0	382	0.3
Total	$ 101,552	100.0 %	$ 126,888	100.0 %	$ 132,541	100.0 %

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

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

(3) Represents the elimination of sales to the company s International Distribution Division from the Cooking Systems Group.

Results of Operations

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

	Fiscal Year Ended(1)		
	2001	**2000**	**1999**
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	69.0	64.4	69.1
Gross profit	31.0	35.6	30.9
Selling, general and administrative expenses	23.2	26.3	25.0
Non-recurring expense			1.6
Income from operations	7.8	9.3	4.3
Interest expense and deferred financing amortization, net	0.7	0.9	2.1
Other expense, net	0.8	1.2	0.6
Earnings before income taxes	6.3	7.2	1.6
Provision for income taxes	4.7	4.2	2.4
Net earnings (loss)	1.6 %	3.0 %	(0.8)%

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

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Fiscal Year Ended December 29, 2001 as Compared to December 30, 2000

Net sales. Net sales in fiscal 2001 decreased 20.0% from $126.9 million in fiscal 2000 to $101.6 million in fiscal 2001.

Net sales of the Cooking Systems Group decreased 17.4% from $113.4 million in fiscal 2000 to $93.7 million in fiscal 2001. Sales of conveyor oven equipment decreased by $11.1 million or 21.5%. The decrease in conveyor oven sales is attributable to lower sales to the major pizza chains as the rate of store openings for certain major customers decreased. Core cooking equipment sales decreased $7.2 million or 16.2% and counterline cooking equipment sales decreased $1.3 million or 10.9% as a result of the general slowdown in the economy and competitive pricing pressures. Sales of international specialty equipment remained consistent with the prior year.

Net sales of the company s International Distribution Division, Middleby Worldwide, decreased 38.0% from $34.4 million in 2000 to $21.4 million in 2001. The sales decrease was primarily due to decreased store openings of the major pizza chains in the international markets, the effect of weaker foreign currencies resulting in lower U.S. revenues, and the impact of the general slowdown in the global economies.

Gross profit. Gross profit decreased from $45.2 million in fiscal 2000 to $31.5 million in fiscal 2001. As a percentage of net sales, gross profit margin decreased from 35.6% in 2000 to 31.0% in 2001. The gross profit dollars decreased due to the lower sales volumes both at the Cooking Systems Group and the International Distribution Division. The gross margin was also impacted by inventory write-downs of $868,000 for certain product offerings to be discontinued in connection with the Blodgett acquisition. The decrease in the gross profit margin percentage reflects lower production efficiencies resulting from the decline in production volume and the impact of the inventory write-down.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased from $33.3 million in 2000 to $23.6 million in 2001.

Selling and distribution expenses decreased by $2.7 million or 16.9%, from $15.9 million in 2000 to $13.2 million in 2001. Selling and distribution expenses at the International Distribution Division were lower due to reduced payroll related costs resulting from office closures in 2000 and 2001. Expenses were also lower at the Cooking Systems Group due to reduced payroll related costs and commissions expense.

General and administrative expenses decreased by $7.1 million or 40.6%, from $17.5 million in 2000 to $10.4 million in 2001. General and administrative expenses were lower at both the Cooking Systems Group and the International Distribution Division due to cost reduction measures which included the closure of certain international sales administration offices and general headcount reductions to adjust staffing to lower sales volumes. Expenses associated with employee benefit and compensation programs, including incentive compensation and retirement benefits also decreased from the prior year. In 2000, general and administrative expenses included $1.5 million associated with the early retirement of the company s President and Chief Executive Officer and approximately $0.5 million of closure costs for several administrative offices and the exit of the related leases.

Income from operations. Income from operations decreased $3.9 million to $7.9 million in fiscal 2001 from $11.9 million in fiscal 2000. The decrease in operating income reflects the lower net sales and gross profit levels offset in part by decreased selling and general and administrative expenses.

Non-operating expenses. Non-operating expenses decreased from $2.7 million in fiscal 2000 to $1.5 million in fiscal 2001. Net interest expense declined by $0.5 million to $0.7 million as a result of lower average debt balances and interest income on higher cash balances held during the year. Other expenses decreased by $0.7 million to $0.8 million during the year as a result of lower foreign exchange losses.

Income taxes. The company recorded a net tax provision of $4.8 million in fiscal 2001 at an effective rate of 74.4%. The effective tax rate reflects foreign losses with no recorded tax benefit and provisions recorded for state tax assessments. In 2000 the company recorded a net tax provision of $5.4 million at an effective rate of 58.7%, which also reflects the impact of foreign losses with no recorded tax benefit.

Fiscal Year Ended December 30, 2000 as Compared to January 1, 2000

Net sales. Net sales in fiscal 2000 decreased 4.3% from $132.5 million in fiscal 1999 to $126.9 million in fiscal 2000. In 1999 the company discontinued the manufacture of unprofitable product lines and the distribution of certain third-party products inconsistent with the company s long-term growth strategy, which led to the net sales reduction.

Net sales of the Cooking Systems Group increased 5.0% from $107.9 million in fiscal 1999 to $113.4 million in fiscal 2000. Sales of conveyor oven equipment increased by $3.0 million or 6.0%. The increase in conveyor oven sales was attributable to increased sales internationally, including sales to the major pizza chains as they expand globally. Core cooking equipment sales increased $2.5 million or 6.1% due to the success of new product introductions. Counterline cooking equipment sales decreased $1.6 million or 11.7% as a result of the discontinuation of numerous unprofitable product lines. Sales of international specialty equipment increased $1.6 million or 50.2% from the prior year as this division began to manufacture component parts for the U.S. manufacturing operations and finished goods for the U.S. marketplace.

Net sales of the company s International Distribution Division, Middleby Worldwide, decreased 14.6% from $40.4 million in 1999 to $34.4 million in 2000. The sales decrease was primarily due to the discontinuation of certain distributed products as the division refocused its sales and service efforts toward products which best complement the company s core competencies and provide the greatest profitability. This adversely impacted sales in all international markets. Despite the overall reduction, sales of Middleby manufactured products increased in Asia, Europe and Latin America due to increased focus.

Gross profit. Gross profit increased from $41.0 million in fiscal 1999 to $45.2 million in fiscal 2000. As a percentage of net sales, gross profit margin increased from 30.9% in 1999 to 35.6% in 2000.

At the Cooking Systems Group margins were favorably impacted by reduced overhead resulting from prior year cost reduction measures and a more favorable product mix with greater sales of higher margin product. The favorable sales mix was due in part to actions to discontinue certain unprofitable product lines of the counterline cooking equipment group.

Gross profit margin at the International Distribution Division also improved as a result of the product refocusing efforts on higher margin Middleby manufactured products and complimentary equipment.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by $0.2 million from $33.1 million in 1999 to $33.3 million in 2000 as reduced selling and distribution expenses were offset by increased general and administrative expenses.

Selling and distribution expenses decreased by $2.8 million or 15.2%, from $18.7 million in 1999 to $15.9 million in 2000. Selling and distribution expenses at the International Distribution Division were lower due to the closure of the division headquarters in the fourth quarter of the prior year. Expenses were also lower at the Cooking Systems Group due to reduced payroll costs and commissions expense.

General and administrative expenses increased by $3.0 million or 21.1%, from $14.4 million in 1999 to $17.5 million in 2000. General and administrative expenses for 2000 included $1.5 million associated with the early retirement of the company s President and Chief Executive Officer. This included the immediate expensing of pension costs that would normally have been recognized ratably over the remainder of his expected years of service. General and administrative expenses also include approximately $0.5 million associated with the closure of several administrative offices and the exit of the related leases, including the lease for the corporate headquarters. Expenses associated with employee benefit and compensation programs, including incentive compensation and retirement benefits also increased from the prior year.

Non-recurring expenses. Non-recurring expenses of $2.2 million were recorded in 1999, comprised of $1.5 million related to severance obligations for headcount reductions and $0.7 million related to office closures. No similar expenses were recorded during fiscal 2000.

Income from operations. Income from operations increased $6.2 million or 109.4% to $11.9 million in fiscal 2000 from $5.7 million in fiscal 1999. The improved results were due to higher gross margins and lower selling and distribution expenses.

Non-operating expenses. Non-operating expenses decreased from $3.5 million in fiscal 1999 to $2.7 million in fiscal 2000. Net interest expense declined by $1.5 million to $1.2 million as a result of increased interest income on higher cash balances held during the year and the repayment of high interest debt balances. Other expenses increased by $0.7 million to $1.5 million during the year as a result of unrealized foreign exchange losses primarily associated with the Philippine Peso.

Income taxes. The company recorded a net tax provision of $5.4 million in fiscal 2000 at an effective rate of 58.7% primarily related to the company s domestic earnings, while no benefit was recorded related to losses incurred at certain foreign locations. Despite the recorded tax provision, the company did not pay U.S. federal taxes, other than AMT tax due to tax loss carry-forwards available from prior years. In 1999 the company recorded a net tax provision of $3.2 million at an effective rate of 145.8%, also resulting from foreign tax losses with no recorded benefit.

Extraordinary Item. During the third quarter of 2000 the company repaid its $15 million unsecured senior note obligation, which was due to mature over a period ending January 10, 2003. An extraordinary charge of $0.4 million, or $0.2 million net of income tax, was recorded related to a prepayment penalty for the early retirement of the note.

Financial Condition and Liquidity

Total cash and cash equivalents increased by $2.3 million to $6.0 million at December 29, 2001 from $3.7 million at December 30, 2000. Net borrowings increased from $8.5 million at December 30, 2000 to $96.2 million at December 29, 2001. The increase in borrowings was to fund the company s fourth quarter acquisition of Blodgett Holdings, Inc.

Operating activities. Net cash provided by operating activities before changes in assets and liabilities was $8.6 million in 2001 as compared to net cash provided of $10.9 million in fiscal 2000. Net cash provided by operating activities after changes in assets and liabilities was $13.9 million as compared to net cash provided of $19.3 million in the prior year. Accounts receivable and inventories decreased by $7.1 million and $3.7 million, respectively, as a result of lower sales volumes. Accounts payable decreased by $2.6 million reflecting lower payables related to reduced inventory purchases. Accrued expenses and other liabilities decreased by $3.4 million due to lower reserves for customer rebates resulting from lower sales and lower obligations for pension liabilities resulting from the payout of retirement obligations to the company s former President and Chief Executive Officer.

Investing activities. During 2001 net cash used for investing activities amounted to $75.4 million. Net cash used for investing activities included $75.0 million of cash paid in December 2001 associated with the acquisition of Blodgett from Maytag Corporation on December 21, 2001. The remaining $20.1 million of the $95.1 million purchases price was deferred and financed by notes due to Maytag.

The notes due to Maytag are assessed at a rate of 12.0% if paid in cash and 13.5% if payment is made in kind. The Maytag notes are due in December 2006. The notes due to Maytag are subject to adjustment pending finalization of the purchase price as provided by certain provisions within the purchase agreement.

Investing activities also included property additions that amounted to $0.5 million during the year for enhancements to existing computer systems and production capabilities.

Financing activities. Net cash provided by financing activities amounted to $63.8 million in 2001. The net borrowings were used to fund the acquisition of Blodgett for $75.0 million and the related financing costs of $6.8 million. The company s sources of financing for the acqusition include a $68.0 million senior credit facility lead by Bank of America and Fleet National Bank and $25.0 million of subordinated senior notes due American Capital Strategies, Ltd.

The senior bank agreement includes a $27.5 million revolving credit facility and $40.5 million in senior bank notes. The senior bank notes comprise two separate tranches of debt for $37.5 million and $3.0 million. Borrowings under revolving credit facility amounted to $13.9 million at December 29, 2001, an increase of $5.6 million from the prior year end. Availability under the revolving credit facility is limited to the amount of collateral as defined by the senior bank agreement, which amounted to $21.0 million as of December 29, 2001.Interest on the revolving credit facility and the $37.5 million senior bank note is assessed at 3.25% above LIBOR. The senior bank note is payable quarterly over a four year period ending December 2005, at which time the revolving credit facility also matures. Interest on the $3.0 million senior bank note is assessed interest at a rate of 4.5% above LIBOR. The $3.0 million senior bank note is to be repaid in one single payment due in June 2006.

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.

The subordinated senior notes of $25.0 million due to American Capital Strategies are assessed interest at a rate of 15.5%, of which 2% is payable in kind, resulting in an increase to the principal balance of the notes. The subordinated senior notes mature in September 2006.

The terms of the senior bank agreement and subordinated senior note limit the paying of dividends, capital expenditures and leases, and require, among other things, a minimum amount, as defined, of shareholders 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.

During 2001 and prior to the acquisition the company used $0.3 million to repurchase 52,900 shares of stock for treasury and issued 15,385 shares of stock from treasury for proceeds of $0.1 million. The company s new credit facilities provide restrictions on future repurchases of treasury stock.

Management believes that the company will have sufficient financial resources available to meet its anticipated requirements for working capital, capital expenditures and debt amortization for the foreseeable future.

Related Party Transactions

The company has two loans outstanding with its Chief Executive Officer. The first loan entered into on November 8, 1999 in the amount of $434,250 is repayable with interest of 6.08% on February 28, 2003 and was established in conjunction with 100,000 shares of common stock purchased by the company on behalf of the officer. In accordance with a special incentive agreement with the officer, the loan will be forgiven by the company if certain targets of Earnings Before Taxes for fiscal years 2000, 2001 and 2002 are achieved. As of December 29, 2001 the company had forgiven one-third of the loan amounting to $144,750 in accordance with this agreement. The loan forgiveness was recorded in general and administrative expenses.

A second loan was entered into on March 1, 2001 in the amount of $300,000 and is repayable with interest of 6.0% on February 24, 2004. This loan was established in conjunction with the company s commitment to transfer 50,000 shares of common stock from treasury to the officer at $6.00 per share. The market price at the close of business on March 1, 2001 was $5.94 per share. In accordance with a special incentive agreement with the officer, the loan will be forgiven by the company if certain targets of Earnings Before Taxes for fiscal years 2001, 2002, and 2003 are achieved. As of December 29, 2001 none of this loan had been forgiven, as the defined targets had not been achieved.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141 Business Combinations . This statement addresses financial accounting and reporting for business combinations initiated after June 30, 2001, superceding Accounting Principles Board (APB) Opinion No. 16 Business Combinations and SFAS No. 38 Accounting for Preacquisition Contingencies of Purchased Enterprises . All business combinations in the scope of this statement are to be accounted for using the purchase method of accounting. The company has accounted for its acquisition of Blodgett Holdings, Inc. (Blodgett) in accordance with SFAS No. 141.

In June 2001, the FASB issued SFAS No. 142 Goodwill and Other Intangible Assets , superceding APB Opinion No. 17, Intangible Assets . This statement addresses how intangible assets that are acquired individually or with a group of other assets (excluding assets acquired in a business combination) should be accounted for in financial statements upon their acquisition. This statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. In accordance with this statement, goodwill and certain other intangible assets with indefinite lives will no longer be amortized, but evaluated for impairment based upon financial tests related to the current value for the related assets. As a result there may be more volatility in reported income than under the previous standards because impairment losses are likely to occur irregularly and in varying amounts. The company adopted this statement in the first quarter of 2002 and there was no impact to the consolidated financial statements. Additionally, goodwill and other intangible assets acquired in connection with Middleby s acquisition of Blodgett have been accounted for consistently with the nonamortization provisions of the statement.

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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 when the recognition criteria in FASB Concepts Statement No. 5 Recognition and Measurement in the Financial Statements of Business Enterprises are met. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The company does not expect the adoption of this statement to have a material impact to the financial statements.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 supercedes SFAS No. 121 and requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired and by broadening the presentation of discontinued operations to include more disposal transactions. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2001. The adoption of SFAS No. 144 did not have a material impact on the company s financial position, results of operations or cash flows.

Certain Risk Factors That May Affect Future Results

Blodgett acquisition integration. The company has yet to complete its integration of the Blodgett business within its pre-acquisition operations. The integration process will include the consolidation of manufacturing facilities, elimination of redundant positions, and the combining of sales and marketing resources and distribution channels, amongst other things. If the company were unable to successfully integrate the acquired business operations within Middleby, it could prove to have a materially adverse impact on the financial results and condition of the company. Additionally, in connection with the acquisition of Blodgett, the company expects to record integration related expenses pertaining to the consolidation of the manufacturing facilities during 2002, which could possibly result in an adverse impact to Middleby s stock price.

Future transactions. The company periodically reviews potential transactions related to products or product rights and businesses complementary to its business. Such transactions could include mergers, acquisitions, or licensing agreements. In the future, the company may choose to enter into such transactions at any time. The impact of transactions on the market price of a company s stock is often uncertain, but may cause substantial fluctuations to the market price. Consequently, you should be aware that any announcement of any such transaction could have a material adverse effect upon the market price of Middleby s common stock. Moreover, depending upon the nature of any transaction, the company may experience a charge to earnings, which could be material, and could possibly have an adverse impact upon the market price of Middleby common stock.

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Financing related exposure. The company has significant debt, which it incurred in conjunction with the acquisition. A portion of this debt is subject to fluctuation in interest rates, which could have an negative impact on the company s interest costs. Additionally, terms of the senior bank agreement and subordinated senior note limit the paying of dividends, capital expenditures and leases, and require, among other things, a minimum amount, as defined, of stockholders equity, certain ratios of indebtedness and fixed charge coverage. Noncompliance by the company to satisfy any one of these requirements could result in a significant increase in the company s financing costs and have a material adverse impact to the company s financial results and condition. The financing agreements also provide 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.

Quarterly variations in operating results. Results of the company s operations have fluctuated from quarter to quarter in the past, and may fluctuate significantly in the future. Such fluctuations may result from a variety of factors, including the timing of orders from major customers, the timing of new product introductions, the loss of any of its significant customers or distributors, currency fluctuations, disruption in the supply of components for the company s products, changes in product mix or capacity utilization, personnel changes, production delays, seasonality and other factors affecting sales and results of operations.

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

Dependence on key customers. The company s growth is strongly influenced by the growth of its key customers, many of which are large restaurant chains. The number of new store openings by these chains can vary from quarter to quarter depending on internal growth plans, construction, seasonality and other factors. If these chains were to conclude that the market for their type of restaurant had become saturated, they could open fewer restaurants. In addition, during an economic downturn, key customers could both open fewer restaurants and defer purchases of new equipment for existing restaurants. Either of these conditions could have a material adverse effect on the company s future results of operations.

Competition. The cooking and warming segment of the foodservice equipment industry is highly competitive and fragmented. Within a given product line, the industry remains fairly concentrated, with typically a small number of competitors accounting for the bulk of the industry-wide sales. Industry competition includes companies that manufacture a broad line of commercial foodservice equipment products and those that specialize in a particular product line. Some of the company s competitors have greater financial and marketing resources than the company. In addition, some competitors have different pricing structures and may be able to deliver their products at lower prices. Although the company believes that the performance and price characteristics of its products will provide competitive solutions for its customers needs, there can be no assurance that its customers will choose the company s products over products offered by competitors. Further, the market for the company s products is characterized by changing technology and evolving industry standards. The company is aware of other companies that are developing, and in some cases have introduced, new equipment based on high-speed heating methods and technologies. Accordingly, the company s ability to compete successfully will depend, in large part, on its ability to enhance and improve its existing products.

Product liability matters. The company is engaged in a business that could expose it to possible liability claims from others, including foodservice operators and their staff, as well as from consumers, for personal injury or property damage due to alleged design or manufacturing defects in the company s products. The company maintains an umbrella liability insurance policy to cover claims up to $15 million per occurrence. There can be no assurance, however, that the company s insurance will be sufficient to cover potential claims or that an adequate level of coverage will be available in the future at reasonable cost. A partially insured or a completely uninsured successful claim against the company could have a material adverse effect on the company.

Risks relating to intellectual property. The company holds numerous patents covering technology and applications related to various products, equipment and systems, and numerous trademarks and trade names registered with the U.S. Patent and Trademark Office and in various foreign countries, including the names Blodgett, Blodgett Combi, CTX, MagiKitch n, Middleby Marshall, Pitco Frialator, Southbend, SteamMaster, and Toastmaster. There can be no assurance as to the breadth or degree of protection that existing or future patents or trademarks may afford the company.

Dependence on key personnel. The company depends significantly on certain of its executive officers and certain other key personnel, many of whom could be difficult to replace. The incapacity, inability or unwillingness of certain of these people to perform their services may have a material adverse effect on the company. There can be no assurance that the company will be able to continue to attract, motivate and retain personnel with the skills and experience needed to successfully manage the company s business and operations.

Item 7A. 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:

	Fixed Rate Debt	Variable Rate Debt
	(dollars in thousands)	
2002	$ 47	$ 10,000
2003		10,000
2004		9,500
2005		21,885
2006	41,767	3,000
	$ 41,814	$ 54,385

Fixed rate debt due in 2002 is comprised of capital lease obligations, which bear interest rates approximating 10%. Fixed rate obligations of $41.8 million due in 2006 include $21.7 million of subordinated senior notes which bear an interest rate of 15.5%, of which 2% is payable in kind, upon which the unpaid interest will be added to the principal balance of the notes. The subordinated senior notes are reflected net of a debt discount of $3.3 million, representing the prescribed value of warrants issued in connection with the notes. See Item 5 for further discussion of the warrants. Additional fixed rate debt consists of approximately $20.1 million of notes due to Maytag arising from the acquisition of Blodgett. The notes bear interest of 12% if paid in cash or 13.5% if interest is paid in kind. The amount of notes due to Maytag is subject to change pending post closing purchase price adjustments as provided for under provisions of the purchase agreement.

Variable rate debt consists of $13.9 million of borrowings under a $27.5 million revolving credit facility and $40.5 million in senior bank notes. The secured senior bank notes comprise two separate tranches of debt. The first tranche of debt for $37.5 million is repaid on a quarterly basis over the four-year term ending December 2005. The second tranche of debt for $3.0 million matures with a lump sum payment in June 2006. The secured revolving credit facility and $37.5 million senior bank note bear interest at a rate of 3.25% above LIBOR, or 5.2% as of December 29, 2001. The $3.0 million senior bank note accrues interest at a rate of 4.5% above LIBOR, or 6.4% as of December 29, 2001. 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.

Acquisition Financing Derivative Instruments

In conjunction with subordinated senior notes issued in connection with the financing for the Blodgett acquisition, the company issured 362,226 stock warrant rights and 445,100 conditional stock warrant rights to the subordinated senior noteholder. The warrant rights allow the noteholder to purchase Middleby common stock at $4.67 per share through their expiration on December 21, 2011. The conditional stock warrant rights are exercisable in the circumstance that the noteholder fails to achieve certain prescribed rates of return as defined per the note agreement. After March 15, 2007 or upon a Change in Control the noteholder has the ability to require the company to repurchase these warrant rights at the fair market value. The obligation pertaining to the repurchase of these warrant rights is recorded in Other Non-Current Liabilities at fair market value utilizing a Black-Scholes valuation model. As of December 29, 2001, the fair value of the warrant rights was assessed at $3.3 million. The change in the fair value of the stock warrant rights will be recorded as a gain or loss in the income statement in the related period. The company may experience volatility in earnings caused by fluctuations in the market value of the stock warrant rights resulting from changes in Middleby's stock price, interest rates, or other factors that are incorporated into the valuation of these financial instruments.

Foreign Exchange Derivative Financial Instruments

The company uses derivative financial instruments, principally foreign currency forward purchase and sale contracts with terms of less than one year, to hedge its exposure to changes in foreign currency exchange rates. The company s primary 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 December 29, 2001, the fair value of which was less than $0.1 million at the end of the year:

Sell	Purchase	Maturity
600,000,000 South Korean Won	$ 472,100 US Dollars	December 31, 2001
460,000,000 South Korean Won	$ 359,700 US Dollars	December 31, 2001
40,000,000 Taiwan Dollar	$ 1,159,420 US Dollars	December 31, 2001
40,000,000 Taiwan Dollar	$ 1,141,880 US Dollars	January 28, 2002
1,000,000 Euro Dollar	$ 902,500 US Dollars	January 18, 2002
1,000,000 Euro Dollar	$ 876,700 US Dollars	March 19, 2002

The company accounts for its derivative financial instruments in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities , which was adopted in the first quarter of 2001. In accordance with SFAS No. 133, as amended, these instruments are recognized on the balance sheet as either an asset or a liability measured at fair value. Changes in the market value and the related foreign exchange gains and losses are recorded in the statement of earnings.

Item 8. Financial Statements and Supplementary Data

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

Schedule II - Valuation and Qualifying Accounts and Reserves 57

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors
of The Middleby Corporation

We have audited the accompanying consolidated balance sheet of The Middleby Corporation and Subsidiaries as of December 29, 2001, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the year ended December 29, 2001. Our audit also included the financial statement schedule listed in the Index at Item 8, Part II for the year ended December 29, 2001. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the 200l financial statements and financial statement schedule based on our audit. The financial statements and financial statement schedules as of December 30, 2000 and for each of the years ended in the two-year period then ended, before the reclassifications discussed in the reclassification section of Note 3 to the financial statements, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those consolidated financial statements and stated that such 2000 and 1999 financial statement schedules, when considered in relation to the 2000 and 1999 basic financial statements taken as a whole, presented fairly, in all material respects, the information set forth therein, in their report dated March 21, 2002. Those auditors also reported on the Company s financial statements prior to the restatement referred to below.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Middleby Corporation and Subsidiaries as of December 29, 2001, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic 2001 consolidated financial statements taken as a whole, present fairly in all material respects the 2001 information set forth therein.

As discussed in Note 3, the accompanying 2001 consolidated financial statements have been restated.

As discussed above, the financial statements of The Middleby Corporation and Subsidiaries as of December 30, 2000 and for the two years in the period then ended, were audited by other auditors who have ceased operations. As described in the reclassification section of Note 3, those financial statements have been revised to include additional disclosures relating to the components comprising cash, accounts payable, shareholder receivable and paid-in-capital. We audited the reclassifications described in the reclassification section of Note 3 that were applied to revise the 2000 and 1999 financial statements. Our procedures included (1) comparing the previously reported cash, accounts payable, shareholder receivable and paid-in-capital balances to previously issued financial statements, (2) comparing the cash, accounts payable, shareholder receivable and paid-in-capital balances to the Company's underlying analysis obtained from management, and (3) testing the mathematical accuracy of the underlying analysis. In our opinion, such reclassifications are appropriate and have been properly applied. However, we were not engaged to audit, review or apply any procedures to the 2000 and 1999 financial statements of the Company other than with respect to such reclassifications and, accordingly, we do not express an opinion or any other form of assurance on the 2000 and 1999 financial statements are taken as a whole.

Deloitte & Touche LLP
Chicago, Illinois

March 7, 2003

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The following is a copy of the previously issued report of Arthur Andersen LLP, which has ceased operations and which report has not been reissued in connection with this Form 10-K/A, on the consolidated balance sheets of The Middleby Corporation and Subsidiaries at December 29, 2001 and December 30, 2000 and the related consolidated statements of earnings, changes in stockholders equity and cash flows for each of the three years in the period ended December 29, 2001. Arthur Andersen LLP reported on such financial statements prior to the restatement discussed in Note 3.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of THE MIDDLEBY CORPORATION (a Delaware corporation) and Subsidiaries as of December 29, 2001, and December 30, 2000, and the related consolidated statements of earnings, changes in stockholders equity and cash flows for each of the three years in the period ended December 29, 2001. These financial statements are the responsibility of the company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Middleby Corporation and Subsidiaries as of December 29, 2001, and December 30, 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 29, 2001, in conformity with accounting principles generally accepted in the United States.

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

Arthur Andersen LLP

Chicago, Illinois
March 21, 2002

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 29, 2001 AND DECEMBER 30, 2000
(amounts in thousands, except share data)

	(as restated see note 3) 2001	2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,997	$ 3,704
Accounts receivable, net	25,158	18,879
Inventories, net	29,115	18,372
Prepaid expenses and other	1,178	976
Current deferred taxes	11,291	4,141
Total current assets	72,739	46,072
Property, plant and equipment, net	30,598	18,968
Goodwill	74,005	12,537
Other intangibles	26,466	519
Deferred taxes		1,224
Other assets	7,589	600
Total assets	$ 211,397	$ 79,920
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 10,047	$ 249
Accounts payable	11,491	8,821
Accrued expenses	38,438	17,918
Total current liabilities	59,976	26,988
Long-term debt	86,152	8,290
Long-term deferred tax liability	8,698	
Other non-current liabilities	17,162	7,181
Stockholders equity:		
Preferred stock, $.01 par value; none issued		
Common stock, $.01 par value, 11,024,396 and 11,021,896 shares issued in 2001 and 2000, respectively	110	110
Shareholder receivable	(290)	(290)
Paid-in capital	53,884	53,875
Treasury stock at cost; 2,052,474 and 2,015,409 shares in 2001 and 2000, respectively	(11,997)	(11,777)
Retained earnings (accumulated deficit)	(1,029)	(2,665)
Accumulated other comprehensive loss	(1,269)	(1,792)
Total stockholders equity	39,409	37,461
Total liabilities and stockholders equity	$ 211,397	$ 79,920

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

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE FISCAL YEARS ENDED DECEMBER 29, 2001, DECEMBER 30, 2000
AND JANUARY 1, 2000

(amounts in thousands, except per share data)

	2001	**2000**	**1999**
Net sales	$ 101,552	$ 126,888	$ 132,541
Cost of sales	70,048	81,702	91,551
Gross profit	31,504	45,186	40,990
Selling and distribution expenses	13,180	15,858	18,694
General and administrative expenses	10,390	17,478	14,430
Non-recurring expenses			2,208
Income from operations	7,934	11,850	5,658
Net interest expense and deferred financing amortization	740	1,204	2,724
Other expense, net	794	1,503	763
Earnings before income taxes	6,400	9,143	2,171
Provision for income taxes	4,764	5,370	3,165
Earnings (loss) before extraordinary item	1,636	3,773	(994)
Extraordinary loss, net of income tax		(235)	
Net earnings (loss)	$ 1,636	$ 3,538	$ (994)
Basic earnings (loss) per share:			
Before extraordinary item	$ 0.18	$ 0.38	$ (0.10)
Extraordinary loss		(0.03)	
Net earnings (loss) per share	$ 0.18	$ 0.35	$ (0.10)
Diluted earnings (loss) per share:			
Before extraordinary item	$ 0.18	$ 0.37	$ (0.10)
Extraordinary loss		(0.02)	
Net earnings (loss) per share	$ 0.18	$ 0.35	$ (0.10)
Weighted average number of shares			
Basic	8,981	9,971	10,161
Dilutive stock options	16	120	116
Diluted	8,997	10,091	10,277

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

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY
FOR THE FISCAL YEARS ENDED DECEMBER 29, 2001, DECEMBER 30, 2000
AND JANUARY 1, 2000
(amounts in thousands)

	Common Stock	Shareholder Receivable	Paid-in Capital	Treasury Stock	(Accumulated Deficit)/ Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder s Equity
Balance, January 2, 1999	**$ 110**	**$**	**$ 54,602**	**$ (3,309)**	**$ (4,303)**	**$ (2,366)**	**$ 44,734**