

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

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**

(State or other jurisdiction of  
incorporation or organization)

**36-3352497**

(IRS Employer Identification  
Number)

**1400 Toastmaster Drive, Elgin, Illinois**

(Address of principal executive offices)

**60120**

(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

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to such filing requirements for the past 90 days.

Yes  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.

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 similar 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

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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 MagiKitchen® charbroilers and catering equipment.

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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.

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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.

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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.

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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*

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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.

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### *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.

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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.

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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.

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### ***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.

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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.

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### ***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***



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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®, MagiKitchen®, 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.

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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.

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**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:

<u>Location</u>	<u>Principal Function</u>	<u>Square Footage</u>	<u>Owned/Leased</u>
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.

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**Item 4A. Executive Officers of the Registrant**

<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Principal Position and Office with the company</u>	<u>First Became Officer</u>
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 Msrs. 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
<b>Fiscal 2001</b>		
First quarter	8.000	5.750
Second quarter	7.450	5.880
Third quarter	6.150	4.990
Fourth quarter	5.580	4.100
<b>Fiscal 2000</b>		
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<sup>(1)</sup>*

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>Income Statement Data:</b>					
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					