

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

FORM 10-K

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

For the Fiscal Year Ended December 28, 1996

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 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 14, 1997 was approximately \$29,025,000. The number of shares outstanding of the Registrant's class of common stock, as of March 14, 1997, was 8,470,938 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 1997 annual meeting of stockholders.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
 DECEMBER 28, 1996
 FORM 10-K ANNUAL REPORT
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PART 1

Item 1. Business
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General
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The Middleby Corporation ("Middleby" or the "Company"), through its operating subsidiary Middleby Marshall Inc. ("Middleby Marshall") and Middleby Marshall's subsidiaries and their operating divisions, is engaged in the design, manufacture and sale of commercial and institutional foodservice equipment. The Company designs, develops, manufactures and markets a broad line of equipment used for the cooking and preparation of food for commercial and institutional

kitchens and restaurants throughout the world.

On January 23, 1997, the Company sold substantially all of the assets of its Victory Refrigeration Company ("Victory") subsidiary to an investor group led by local management at Victory. Proceeds from the sale, as well as from the sale and leaseback of the Victory facility to an unrelated third party which was completed on December 27, 1996, were expected to amount to \$11.8 million, less amounts for retained liabilities and transaction costs aggregating \$2.6 million. The net proceeds, which were used to reduce debt, are subject to post closing adjustments. The following discussion of the Company excludes Victory.

Principal Products and Operating Divisions

The Company's operations are conducted principally through two domestic and two international business units. Each of the business units operates independently of the others with its own management, marketing, manufacturing and product development capabilities. The business unit Presidents or General Managers report to the Company's President and Chief Executive Officer, and the Company's corporate staff performs cash management, capital expenditure authorization, financial reporting, planning, corporate accounting, and certain other marketing, service and operations management, and administrative functions.

Middleby Cooking Systems Group, Elgin, IL

The principal product lines manufactured at this operating division are Middleby Marshall-Registered Trademark- conveyor ovens, CTX-Registered Trademark- infrared ovens, Toastmaster-Registered Trademark- counterline cooking and warming equipment, and Titan-Registered Trademark- mixers. The Middleby Marshall and CTX products and the Toastmaster and Titan products are handled through two distinct independent sales and marketing divisions within the Cooking Systems Group.

Middleby Marshall is one of the leading producers of conveyor cooking equipment in the world. Its conveyor ovens utilize a patented process, "Jet-Sweep"-TM- 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. As a manufacturer of baking and cooking equipment since 1888, Middleby Marshall is renowned for quality and durability. Its ovens are used by the majority of major global and domestic pizza chains and other restaurants and institutions.

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The CTX line of conveyor ovens utilizes patented infrared cooking and precision control technology.

Toastmaster commercial electric cooking and warming equipment includes toasters, hot food servers, foodwarmers, griddles, fryers, convection ovens and ranges. Toastmaster products feature energy saving and food safety technologies such as that offered in the Accumiser-TM- griddle. As a long-term supplier to major restaurant chains, Toastmaster has developed the capabilities to provide customized equipment for a chain's particular needs. An example is the development of a conveyor toaster for a major quick service chain, resulting in improved operating efficiencies and less food waste. Toastmaster also has distribution arrangements with a European manufacturer of rotisserie cooking and merchandising display equipment. In 1996, Toastmaster entered into another arrangement with the same European manufacturer to distribute the RoFry-Registered Trademark- oil-less fryer on an exclusive basis in North and South America and on a non-exclusive basis in certain other areas of the world. The RoFry trademark is owned by its European manufacturer.

The Company also has a distribution agreement with a European manufacturer to

distribute Rational Combi-Steamers in North America.

The Company does not produce consumer products under the Toastmaster-Registered Trademark- name, as the rights to the Toastmaster brand name for consumer markets are owned by an unaffiliated company, Toastmaster, Inc.

Southbend, Fuquay-Varina, NC

Southbend-Registered Trademark- designs, manufactures and markets core cooking equipment specified for use by the professional chef, as well as standardized equipment for general use in restaurants and institutions. Principal products are heavy duty gas ranges, convection ovens, broilers, fryers and griddles. Southbend also offers a broad line of steam cooking equipment under the SteamMaster-Registered Trademark- name, some of which it produces and some of which is produced for it by other manufacturers.

Asbury Associates, Inc., Miramar, FL

Asbury Associates ("Asbury") is an export management and distribution company engaged in the representation and distribution of foodservice equipment. Asbury sells the Company's product lines and certain non-competing product lines of other American and European manufacturers throughout the world (except for Canada, where the Company has a distribution company division under the name of Escan). Asbury is headquartered in Miramar, Florida with Asian sales and administrative operations based in Manila, the Philippines. Asbury has sales offices in Bilbao, Spain; Paris, France; Taipei, Taiwan; Shanghai, China; Tokyo, Japan; Jakarta, Indonesia; Jeddah, Saudi Arabia; Mexico City, Mexico; and Sao Paulo, Brazil. The Company acquired a majority interest in Asbury in April, 1990, which was increased to 80% in 1991. Asbury has established three additional business units: ICES, a foodservice equipment dealer in the Philippines, Asbury S.L., a foodservice equipment distributor in Spain and France, and Asbury Taiwan Co. Ltd., a foodservice equipment distributor in Taiwan. Distribution companies in Mexico, Japan and Korea are expected to be established in 1997.

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Asbury has the ability to offer customers a complete package of equipment, delivered and installed in over 100 countries throughout the world. For a local country distributor or dealer, Asbury provides centralized sourcing of a broad line of American and European equipment with complete export management services, including export documentation, freight forwarding, equipment warehousing and consolidation, installation, warranty service and parts support.

Middleby Philippines Corporation, the Philippines

Middleby Philippines Corporation ("MPC") was incorporated in 1995 as part of a major expansion of the Company's manufacturing capabilities in the Philippines. The Company owns 80% of MPC, with the remaining 20% being owned by local management. Its operations were moved in April, 1996 into a newly constructed 54,000 square foot facility outside of Manila. At that facility, MPC designs, engineers, fabricates and installs semi-custom kitchen equipment units used primarily in conjunction with standard equipment manufactured in the United States to make a complete kitchen installation. This operation also manufactures certain kitchen equipment for sale in Asian markets. MPC's customers are primarily Asian operations of major foodservice chains and hotels.

MPC's predecessor, Fab-Asia, Inc. ("Fab-Asia"), was formed in 1991 at which time the Company acquired a majority interest. The Company increased its ownership interest in MPC to 80% in 1994. The operating assets of Fab-Asia were transferred to MPC on January 1, 1996.

The Market and Customers

The Company's products are sold primarily through independent dealers and distributors for use in the commercial and institutional foodservice industry. Certain large restaurant and hotel chain customers own purchasing organizations that manage product procurement for their own systems. End-user customers include full service restaurants, quick service restaurants, cafeterias, hotels and resorts, recreational and sports facilities, retail outlets such as supermarkets and convenience stores, and private and public institutions, such as schools, hospitals, long-term care facilities, correctional facilities, military establishments and government agencies. The products are marketed in the United States and in over 100 countries through a combination of the Company's own sales personnel and international marketing subsidiaries, and an extensive network of independent dealers, distributors, consultants, sales representatives and agents.

During the past several decades, growth in the foodservice market in the United States 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, leading to a demand for convenience in food preparation and consumption. Eating out and carry out continue to be on an upward trend in the U.S., though slower than the 1970's and 1980's due to lower economic growth. Higher growth is evidenced in the international markets as U.S. national restaurant concepts, particularly quick service chains, increasingly enter those markets. Aggressive expansion in

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international markets is expected to be driven by the explosive population growth and economic development in nonindustrialized and industrializing nations, along with the favorable operating economics for the foodservice operator.

The foodservice equipment market generally has grown in response to the primary growth factors of the foodservice industry noted above. However, large foodservice chains generally have a greater influence on the equipment market as a result of new store openings, remodeling and upgrade programs and equipment purchases to support new menu items. According to published industry sources, the foodservice equipment market in the U.S. increased 6.2% to \$6.21 billion in 1996 and is expected to grow by 6.6% in 1997. The industry's top 50 specifying chain giants, per a leading publication, grew by an even larger percentage during 1996 led by new construction and nontraditional site development.

The United States has had only moderate growth in the foodservice equipment market since the economic downturn of 1991-1992. The international foodservice equipment market, however, has grown more substantially. The Company believes that the ability to support the domestic and international growth of foodservice and hotel chains through worldwide sales and service networks will be a key element in establishing its market position.

International sales accounted for approximately 37% of total sales in fiscal 1996, 36% of total sales in fiscal 1995 and 35% of total sales in fiscal 1994. No customer accounted for more than 10% of sales in fiscal 1996, 1995 or 1994.

The backlog of orders was \$15,017,000 at December 28, 1996, all of which is expected to be filled during 1997. The Company's backlog was \$11,253,000 at December 30, 1995. 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

Each of the Company's business units is responsible for the marketing of its products, under the direction of the unit's President or General Manager, Sales Manager and supporting personnel. Each business unit manages its own sales, promotion and marketing programs with coordination and support from corporate sales and marketing functions.

The Company's marketing strategy is conducted through each of the principal distribution channels to reach the worldwide foodservice market. These are: direct sales to the major foodservice chains; sales to foodservice equipment dealers for distribution to the broader foodservice market; sales through consultant-specifiers representing large project equipment installations; and international sales primarily through the Asbury distribution organization. The Company's relationships with major national restaurant chains is primarily handled through an integrated effort of top-level executive and sales management at the corporate and division level to best service the customers' needs. Management believes that its extensive capabilities in engineering, manufacturing, field service and technical sales support enables the Company to respond effectively to a chain's requirements.

There is a broad base of non-exclusive foodservice equipment dealers in the U.S. serving the independent end-users. The Company's products are marketed through a combined network of approximately 2,000 foodservice equipment dealers, who in turn are supported by over 300 manufacturers' marketing representatives. International sales are primarily made through Asbury's distribution network to larger end-users and to independent local country distributors and dealers. The Company's products are serviced by independent service agencies, and supported through a factory training and certification program for technicians.

Competition

In general, 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 who manufacture a broad line of commercial foodservice equipment products and those who specialize in a particular product line. Competition in the industry is based upon many factors, including name recognition, product features and design, quality, price, serviceability, after-market service and deliverability. The Company attempts to differentiate its products through advanced technological features and benefits. Management believes that the demand for labor saving, energy efficient and flexible equipment will increase, driven by quick service chains that face labor supply issues, space limitations and increasing operating costs. The Company also focuses on the user interface and serviceability factors across its global product markets.

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

The Company believes it is among the largest multiple-line manufacturers of foodservice equipment, both in the United States and worldwide, though some of its competitors are units of operations which are larger than the Company and possess greater financial and personnel resources. Among the Company's major domestic competitors are Welbilt Corporation (a subsidiary of Berisford International plc), Specialty Equipment Companies, Inc., G.S. Blodgett Corp., and Hobart and Vulcan Hart (which are both units of Premark International, Inc.).

Sources of Supply

The Company purchases its raw materials and component parts from a number of suppliers. The majority of the Company's material purchases are standard commodity-type materials, such as stainless steel, electrical components, hardware and various components. Such materials and parts generally are available in adequate quantities from numerous suppliers. Some component parts are obtained from sole sources of supply for reasons the Company deems advantageous. In such instances, management believes it can substitute other suppliers as it may require. The majority of the required fabrication is done internally through the use of automated equipment. Certain equipment and accessories are

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manufactured by other suppliers for sale by the Company. The Company believes it enjoys good relationships with its suppliers and considers the present sources of supply to be adequate for its present and anticipated future requirements.

Licenses, Patents, and Trademarks

Middleby Marshall has an exclusive license from Patentsmith II, Inc. to manufacture, use and sell in the United States Jetsweep(TM) air impingement type ovens 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 Patentsmith II license covers numerous patents, some of which extend beyond the year 2000. Middleby Marshall also holds an exclusive sublicense from Lincoln Foodservice Products, Inc., a division of Welbilt Corporation, to manufacture, use and sell throughout the world, other than the United States and Japan, impingement type ovens of the above-described dimensions for commercial food applications. This sublicense covers the foreign analogues of the patents covered by the Patentsmith II license and grants Middleby Marshall rights of first refusal for a similar sublicense in Japan. The Patentsmith II license and the Lincoln sublicense expire upon the expiration of the last patented improvement covered by the license. While the loss of the Patentsmith II license would 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 Patentsmith II patents.

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

The Company owns numerous trademarks and trade names; among them, Middleby Marshall-Registered Trademark-, CTX-Registered Trademark-, Southbend-Registered Trademark-, SteamMaster-Registered Trademark-, Toastmaster-Registered Trademark- and Titan-Registered Trademark- are registered in the U.S. Patent and Trademark Office and in various foreign countries.

Employees

As of December 28, 1996, the Company employed 965 persons. Of this amount, approximately 325 were management, administrative, sales, engineering and supervisory personnel; approximately 386 were hourly production non-union workers; and approximately 254 were hourly production union members. Included in these totals were 315 individuals employed outside of the United States, of which 97 were management, sales, administrative and engineering personnel, and 218 were hourly production non-union workers. The Company's Elgin, Illinois facility has a union contract with the International Brotherhood of Teamsters. The current three year contract expires on May 1, 1997. It is management's

opinion that the relationships between its employees, union and management are good.

Item 2. Properties

The Company's principal executive offices are located in the Elgin, Illinois manufacturing facility. The Company's property, plant and equipment are encumbered pursuant to its current credit agreements. (See Note 4 of the Notes to Consolidated Financial Statements.)

The principal properties of the Company are listed below:

Division and Location -----	Principal Function -----	Square Footage -----	Building Owned/ Leased -----
Middleby Cooking Systems Group Elgin, Illinois	Manufacturing Warehousing and Offices	207,000	Owned
Southbend Fuquay-Varina, North Carolina	Manufacturing, Warehousing and Offices	131,000	Owned
Asbury Assoc., Inc. Miramar, Florida	Offices and Warehousing	18,000	Leased(a)
Middleby Philippines Corporation Laguna, the Philippines	Manufacturing and Warehousing	54,000	Owned

Note:

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

At various other locations the Company leases small amounts of office space for administrative and sales functions, and in certain instances limited short-term inventory storage; these principal locations are in Manila, the Philippines; Bilbao, Spain; Paris, France; Taipei, Taiwan; Shanghai, China; Tokyo, Japan; Jakarta, Indonesia; Jeddah, Saudi Arabia; Mexico City, Mexico; Sao Paulo, Brazil and Toronto, Canada.

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

Item 3. Legal Proceedings

The Company is routinely involved in litigation incidental to its business, including product liability actions which are generally covered by insurance. Such routine claims are being vigorously contested and management does not believe that the outcome of any such 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 28, 1996.

Item 4A. Executive Officers of the Registrant

Name	Age	Principal Occupation and Principal Position and Office with the Company
William F. Whitman, Jr.	57	Chairman of the Board of the Company and Middleby Marshall
David P. Riley	50	President and Chief Executive Officer of the Company and Middleby Marshall
John J. Hastings	41	Executive Vice President, Chief Financial Officer, Secretary and Treasurer

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

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PART II

Item 5. Market for Registrant's Common Equity and

Related Stockholder Matters

On November 28, 1995, the Company's common stock became listed on the NASDAQ National Market under the symbol "MIDD". Prior to that date, the Company's stock was listed on the American Stock Exchange under the symbol "MBY". Set forth below for the calendar quarters indicated are the high and low closing prices.

	1996		1995	
	High	Low	High	Low
1st Quarter	8-5/8	7	6-3/4	3-7/8
2nd Quarter	13-15/16	7-3/8	8-3/4	5-1/4
3rd Quarter	8	5-3/4	8-1/8	5-3/8
4th Quarter	6-3/4	4-3/4	9-3/4	5-3/8

As of December 28, 1996, the Company estimates there were approximately 2,500 beneficial owners of the Company's common stock.

The Company has not paid a dividend since 1991. Its current financing agreements preclude payment of dividends for the foreseeable future.

During the fiscal year ended December 28, 1996, the Company issued an aggregate of 74,500 shares of the Company's common stock to current and former employees

and directors, pursuant to the exercise of stock options, for an aggregate consideration of \$179,000. Such options were granted under the Company's Amended and Restated 1989 Stock Incentive Plan, or outside of any plan, and had exercise prices ranging between a maximum of \$4.38 and a minimum of \$1.25. The issuance of such shares was exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof, as transactions by an issuer not involving a public offering.

PART II

Item 6. Selected Financial Data

	1996	Restated 1995	Restated 1994	Restated 1993	Restated 1992
	-----	-----	-----	-----	-----
	(In thousands except per share amounts)				
Net sales.....	\$124,765	\$106,348	\$94,158	\$85,789	\$90,415
Income from operations.....	8,677	6,896	6,593	(246)	3,814
Earnings (loss) before taxes.....	4,472	2,605	2,849	14,682	(950)
Earnings (loss) from continuing operations....	\$ 3,083	\$ 2,745	\$ 2,235	\$14,441	\$ (1,281)
	=====	=====	=====	=====	=====
Per common share from continuing operations:					
Primary earnings (loss).....	\$.35	\$.31	\$.26	\$ 1.72	\$ (.15)
Fully diluted earnings (loss).....	.35	.31	.26	1.72	(.15)
Cash dividends.....	-	-	-	-	-
At year-end:					
Total assets.....	\$85,968	\$85,231	\$76,700	\$73,394	\$76,148
Total debt.....	41,268	43,028	44,472	47,401	59,545
Shareholders' equity.....	\$22,450	\$21,758	\$14,657	\$10,100	\$ (3,823)
	=====	=====	=====	=====	=====

Notes:

- (1) Results relating to the Company's former Seco Division are included for the period until its sale on August 21, 1992.
- (2) The above selected financial data excludes the Victory Refrigeration Company which has been accounted for as a discontinued operation (see Note 3 to the Financial Statements).
- (3) Certain amounts in the prior years' financial data have been reclassified to be consistent with the fiscal 1996 presentation.

Item 7. Management's Discussion and Analysis of Financial

Condition and Results of Operations

Informational Note

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

Results of Operations

Fiscal 1996 vs. Fiscal 1995

Net sales increased \$18,417,000 or 17.3% to \$124,765,000 in fiscal 1996 as compared to \$106,348,000 in fiscal 1995. Net sales for the Company's domestic cooking and warming equipment manufacturing divisions increased 11.8% in 1996 compared to 1995. Domestic sales increased 15.8% in 1996 compared to 1995. International sales increased 20.0% in 1996 as compared to 1995, primarily from increased sales of distributed products. International sales represented 37.0% of total sales in 1996 as compared to 36.2% in 1995. The continued strong growth in international sales is attributable to the Company's continued strategy of expanding its sales and distribution presence in overseas markets.

Gross margin increased \$4,928,000 or 15.2% to \$37,435,000 in fiscal 1996 as compared to \$32,507,000 in fiscal 1995. As a percent to sales, gross margin declined slightly to 30.0% in 1996 as compared to 30.6% in 1995. The decline in gross margin percentage is attributable to the Company's direct service program which was initiated at the end of 1995 and terminated during the fourth quarter of 1996, and to start-up costs associated with the Company's Philippines manufacturing facility.

Selling, distribution, general and administrative expenses increased \$4,047,000 or 16.4% to \$28,758,000 in fiscal 1996 from \$24,711,000 in fiscal 1995. As a percent of sales, expenses decreased slightly to 23.0% from 23.2% in 1995. The increased expenses were largely due to the increased sales, additional support for the Company's expanding international operations and costs associated with dealer promotional programs.

Income from operations increased \$1,781,000 or 25.8% to \$8,677,000 in fiscal 1996 as compared to \$6,896,000 in fiscal 1995. The improvement in income from operations is primarily due to increased sales.

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Interest expense and deferred financing amortization increased \$24,000 or 0.6% to \$4,351,000 in fiscal 1996 compared to \$4,327,000 in fiscal 1995. Stable interest rates and average outstanding balances contributed to the consistent expense amount.

The Company recorded a net tax provision of \$1,389,000 in 1996 compared to a net tax benefit of \$140,000 in 1995. The tax provision includes a benefit of \$865,000 related to the utilization of tax loss carry-forwards as compared to a benefit of \$1,710,000 in 1995 associated with NOL

utilization and valuation allowance reductions.

The Company recorded earnings from continuing operations of \$3,083,000 in 1996, as compared to \$2,745,000 in 1995. Net earnings were \$473,000 in 1996, as compared to \$3,164,000 in 1995.

Fiscal 1995 vs. Fiscal 1994

Net sales increased \$12,190,000 or 12.9% to \$106,348,000 compared to \$94,158,000 in fiscal 1994. Several new products contributed to the gain, including Toastmaster's new conveyor toaster for a large international fast-food chain and Middleby Marshall's extra wide belt conveyor oven introduced in late 1994. The Company's international sales increased 15.9% over 1994 and represented 36.2% of total sales, evidencing the tremendous demand for foodservice equipment in global markets, particularly in the emerging markets of the world where major U.S. restaurant chains are quickly developing their concepts.

The Company improved gross margins as a percent of net sales to 30.6% in 1995 as compared to 30.3% in 1994. This increase resulted from increased sales volumes, improved operating efficiencies and improved margins on products distributed internationally.

Selling, distribution, general and administrative expenses increased \$2,740,000 or 12.5% to \$24,711,000 compared to \$21,971,000 in fiscal 1994. As a percent of net sales, expenses decreased slightly to 23.2% in fiscal 1995 from 23.3% in fiscal 1994. The increase in expenses is attributable to expenses associated with a new line of combi-steamers the Company began distributing in January, 1995, start-up expenses for a new direct service program which began operation in the fourth quarter of 1995, increased promotional expenses and higher commissions due to increased sales.

Income from operations, including a \$900,000 provision for the discontinuance of a product line discussed in Note 6 to the Consolidated Financial Statements, increased \$303,000 or 4.6%, to \$6,896,000 in 1995 as compared to \$6,593,000 in 1994. Excluding the \$900,000 provision, income from operations increased \$1,203,000 or 18.2%. The improvement in income from operations is primarily due to increased sales and margin improvement.

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Interest expense and deferred financing amortization increased \$1,065,000 or 32.6% to \$4,327,000 in 1995 as compared to \$3,262,000 in 1994, primarily from higher interest rates and deferred financing costs associated with the Company's January 10, 1995 refinancing.

The Company recorded a net tax benefit of \$140,000. The tax benefit includes a credit of \$1,710,000 resulting from utilization of NOL carryforwards and the reduction of tax valuation allowances. The reduction in the valuation allowance reflected management's increased confidence in the future utilization of the Company's net operating loss carry-forwards.

The Company recorded earnings from continuing operations of \$2,745,000 in 1995, as compared to \$2,235,000 in 1994. Net earnings were \$3,164,000 in 1995, as compared to \$2,740,000 in 1994.

Financial Condition and Liquidity

Cash flow provided from operations before balance sheet changes, including the utilization of net operating tax loss carry-forwards, was \$3,323,000 in fiscal 1996 compared to \$6,051,000 in fiscal 1995. Changes in current assets and liabilities of continuing operations resulted in cash usage of \$6,829,000 in

fiscal 1996 and cash provided of \$1,499,000 in fiscal 1995. Additions to property, plant and equipment amounted to \$2,966,000 and \$2,728,000 in fiscal 1996 and 1995, respectively.

The Company's total long-term debt, including current maturities, decreased during fiscal 1996 by \$1,760,000 to \$41,268,000 at fiscal year end. This decrease was largely due to proceeds received from the sale and leaseback of the Victory facility in December 1996, offset in part by expenditures associated with the opening of the new Middleby Philippines Corporation facility during the first half of the year. Long-term debt, including current maturities, as a percentage of total capitalization was 64.8% at December 28, 1996 and 66.4% at December 30, 1995.

On January 10, 1995, the Company's subsidiaries consummated a \$57,500,000 financing package to replace existing bank debt of \$44,000,000 and provide working capital for future growth. The financing includes a \$42,500,000 senior secured credit facility from a group of lenders led by an affiliate of a major international bank and a \$15,000,000 senior secured note placement with a major insurance company. The credit facility includes a \$15,000,000 five-year term loan, a \$25,000,000 revolving credit line and a \$2,500,000 capital expenditure facility renewable annually. The senior secured notes have an eight-year term with payments beginning in the sixth year and bear interest at 10.99%. There was \$23,650,000 available to borrow under the revolving credit facility, of which \$14,575,000 was outstanding at December 28, 1996. The outstanding term loan balance was \$8,362,000 at December 28, 1996.

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Management believes the Company has sufficient financial resources available to meet its anticipated requirements for funds for operations in the current fiscal year and can satisfy the obligations under its credit and note agreements.

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).

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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.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders 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 28, 1996, and December 30, 1995, and the related consolidated statements of earnings, changes in shareholders' equity and cash flows for each of the three years in the period ended December 28, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Middleby Corporation and Subsidiaries as of December 28, 1996, and December 30, 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 28, 1996, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The data on Schedule II is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Chicago, Illinois
February 17, 1997

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 28, 1996 AND DECEMBER 30, 1995

(In Thousands, Except Per Share Amounts)

ASSETS	1996	Restated 1995
-----	----	----
Current Assets:		
Cash and cash equivalents.....	\$ 1,410	\$ 972
Accounts receivable, net.....	19,859	14,058
Inventories, net.....	20,956	18,320
Prepaid expenses and other.....	939	879
Net assets of discontinued operations.....	4,082	12,803
Current deferred taxes.....	2,086	2,086

Total Current Assets.....	49,332	49,118
Property, Plant and Equipment, net.....	18,843	17,305
Excess Purchase Price Over Net Assets Acquired, net.....	13,339	13,796
Deferred Taxes.....	2,950	2,930
Other Assets.....	1,504	2,082
	-----	-----
Total Assets.....	\$85,968	\$85,231
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Current maturities of long-term debt.....	\$ 3,916	\$ 1,710
Accounts payable.....	10,369	10,587
Accrued expenses.....	10,001	8,075
	-----	-----
Total Current Liabilities.....	24,286	20,372
Long-Term Debt.....	37,352	41,318
Minority Interest and Other Non-current Liabilities.....	1,880	1,783
Shareholders' Equity:		
Preferred stock, \$.01 par value; none issued.....	-	-
Common stock, \$.01 par value; 8,468,000 and 8,388,000 shares issued and outstanding in 1996 and 1995, respectively.....	85	84
Paid-in capital.....	28,108	27,934
Cumulative translation adjustment.....	(184)	(228)
Accumulated deficit.....	(5,559)	(6,032)
	-----	-----
Total Shareholders' Equity.....	22,450	21,758
	-----	-----
Total Liabilities and Shareholders' Equity.....	\$85,968	\$85,231
	=====	=====

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

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CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE FISCAL YEARS ENDED DECEMBER 28, 1996, DECEMBER 30, 1995
AND DECEMBER 31, 1994

(In Thousands, Except Per Share Amounts)

	1996	Restated 1995	Restated 1994
	----	----	----
Net Sales.....	\$124,765	\$106,348	\$ 94,158
Cost of Sales.....	87,330	73,841	65,594
	-----	-----	-----
Gross Margin.....	37,435	32,507	28,564
Selling and Distribution Expenses.....	18,319	15,385	13,398
General and Administrative Expenses.....	10,439	9,326	8,573
Provision for Product Line Discontinuance.....	-	900	-
	-----	---	-----
Income from Operations.....	8,677	6,896	6,593
Interest Expense and Deferred Financing Amortization.....	4,351	4,327	3,262
Other (Income) Expense, net.....	(146)	(36)	482

Earnings Before Income Taxes.....	4,472	2,605	2,849
Provision (Benefit) for Income Taxes.....	1,389	(140)	614
Earnings from Continuing Operations..	3,083	2,745	2,235
Discontinued Operations, Net of Income Tax:			
(Loss) Earnings from Discontinued Operations.....	(744)	419	505
Loss on Disposal Including Operating Losses During the Phase Out Period..	(1,866)	-	-
Net Earnings.....	\$ 473	\$ 3,164	\$ 2,740
Net Earnings (Loss) Per Common Share:			
Continuing Operations.....	\$.35	\$.31	\$.26
Discontinued Operations.....	(.30)	.05	.06
Net Earnings Per Common Share.....	\$.05	\$.36	\$.32

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

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE FISCAL YEARS ENDED DECEMBER 28, 1996, DECEMBER 30, 1995
AND DECEMBER 31, 1994

(In Thousands)

	Common Stock	Paid-in Capital	Accumulated Deficit	CTA	Total
BALANCE,					
January 1, 1994 (Restated).....	\$83	\$22,207	\$(11,936)	\$(254)	\$10,100
Net Earnings.....	-	-	2,740	-	2,740
NOL Utilization and Change in Tax Asset Valuation Allowance.....	-	1,924	-	-	1,924
Exercise of Employee Stock Options.....	-	23	-	-	23
Change in Cumulative Translation Adjustment....	-	-	-	(130)	(130)
BALANCE,					
December 31, 1994 (Restated)...	\$83	\$24,154	\$(9,196)	\$(384)	\$14,657
Net Earnings.....	-	-	3,164	-	3,164
NOL Utilization and Change in Tax Asset Valuation Allowance.....	-	3,409	-	-	3,409
Exercise of Employee Stock Options.....	1	121	-	-	122
Issuance of Deferred Warrant.....	-	250	-	-	250
Change in Cumulative Translation Adjustment....	-	-	-	156	156
BALANCE,					
December 30, 1995 (Restated)...	\$84	\$27,934	\$(6,032)	\$(228)	\$21,758
Net Earnings.....	-	-	473	-	473
Exercise of Employee Stock Options.....	1	174	-	-	175
Change in Cumulative Translation Adjustment....	-	-	-	-	-

	Translation Adjustment....	-	-	-	44	44
BALANCE	December 28, 1996.....	\$85	\$28,108	\$(5,559)	\$(184)	\$22,450
		===	=====	=====	=====	=====

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

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED DECEMBER 28, 1996, DECEMBER 30, 1995
AND DECEMBER 31, 1994

(In Thousands)

	1996	Restated 1995	Restated 1994
	----	----	----
Cash Flows From Operating			
Activities -			
Net Earnings.....	\$ 473	\$ 3,164	\$ 2,740
Adjustments to reconcile net			
earnings to net cash provided by			
continuing operating activities-			
Depreciation and			
amortization.....	2,752	3,024	2,107
Utilization of N.O.L.'s.....	98	(137)	601
Discontinued Operations.....	2,610	(419)	(505)
Cash effects of changes in -			
Accounts receivable.....	(5,801)	862	(2,782)
Inventories.....	(2,636)	(3,147)	812
Prepaid expenses and			
other assets.....	(99)	911	28
Accounts payable.....	(218)	3,071	(785)
Accrued expenses and			
other liabilities.....	1,925	(198)	2,463
	-----	-----	-----
Net Cash (Used in) Provided by			
Continuing Operating Activities.....	(896)	7,131	4,679
Net Cash Provided by (Used in)			
Discontinued Operating Activities.....	1,311	(2,268)	408
Net Cash Provided by Operating			
Activities.....	415	4,863	5,087
	---	-----	-----
Cash Flows From Investing			
Activities -			
Additions to property and			
equipment.....	\$(2,966)	\$(2,728)	\$(1,922)
Proceeds from Sale and Leaseback			
of Discontinued Operations.....	4,800	-	-
Net cash received from			
sale of investment.....	-	1,337	-
	-----	-----	-----
Net Cash Provided by (Used in)			
Investing Activities.....	1,834	(1,391)	(1,922)
	-----	-----	-----

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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED DECEMBER 28, 1996, DECEMBER 30, 1995
AND DECEMBER 31, 1994

(In Thousands)
(Continued)

	1996 ----	Restated 1995 ----	Restated 1994 ----
Cash Flows From Financing Activities -			
Proceeds from senior secured note.....	\$ -	\$ 15,000	\$ -
Proceeds from credit facility.....	-	31,000	-
Extinguishment of bank debt.....	-	(44,055)	-
Reduction in revolving credit line, net.....	(425)	(1,000)	(3,366)
Reduction in term loans.....	(3,597)	(2,932)	(20)
Proceeds from foreign bank debt.....	2,233	1,200	-
Cost of financing activities.....	-	(1,726)	-
Other financing activities, net.....	(22)	(640)	457
	--	----	---
Net Cash Used in Financing Activities.....	(1,811)	(3,153)	(2,929)
	-----	-----	-----
Changes in Cash and Cash Equivalents -			
Net increase in cash and cash equivalents.....	\$ 438	\$ 319	\$ 236
Cash and cash equivalents at beginning of year.....	972	653	417
	---	---	---
Cash and Cash Equivalents at end of year.....	\$ 1,410	\$ 972	\$ 653
	=====	=====	=====

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

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) NATURE OF OPERATIONS

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

The Company's products are sold primarily to independent dealers and distributors and are marketed primarily through the Company's sales

personnel and network of independent manufacturers' representatives. End user customers include quick service restaurant chains, general full service restaurants, cafeterias, hotels, resorts, supermarkets, convenience stores and certain healthcare, educational and correctional institutions. Included in these customers are several large multi-national restaurant chains which account for a significant portion of the company's business, although no single customer accounts for more than 10% of net sales.

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

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company's fiscal year ends on the Saturday nearest December 31. Fiscal years 1996, 1995 and 1994 ended on December 28, 1996, December 30, 1995 and December 31, 1994, respectively, and each included 52 weeks.

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(b) Accounts Receivable

Accounts receivable, as shown in the consolidated balance sheets, is net of allowances for doubtful accounts of \$495,000 and \$413,000 at December 28, 1996 and December 30, 1995, respectively.

(c) Inventories

Inventories are stated at the lower of cost or market. Cost is determined utilizing the first-in-first-out (FIFO) inventory method. Inventories, as of December 28, 1996 and December 30, 1995, are as follows:

	(In Thousands)	
	1996	1995
	----	----
Raw materials and parts.....	\$ 6,492	\$ 6,338
Work in process.....	4,621	4,652
Finished goods.....	9,843	7,330
	-----	-----
	\$20,956	\$18,320
	=====	=====

The amounts shown above are net of inventory reserves of \$946,000 and \$1,016,000 as of December 28, 1996 and December 30, 1995, respectively.

(d) Property, Plant and Equipment

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

	(In Thousands)	
	1996	1995
	----	----
Land and improvements.....	\$ 3,322	\$ 3,293
Building and improvements..	11,012	10,206
Machinery and equipment....	16,250	14,516
	-----	-----
	\$30,584	\$28,015
Less accumulated depreciation.....	(11,741)	(10,710)
	-----	-----
Property, Plant and Equipment, net.....	\$18,843	\$17,305
	=====	=====

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Depreciation is provided for financial statement purposes using the straight-line method and amounted to \$1,594,000, \$1,543,000 and \$1,547,000 in fiscal 1996, 1995 and 1994, respectively. Following is a summary of the estimated useful lives:

Description	Life
-----	----
Land improvements.....	7 years
Building and improvements.....	20 to 40 years
Machinery and equipment.....	3 to 10 years

Expenditures which significantly extend useful lives are capitalized. Maintenance and repairs are charged to expense as incurred.

(e) Excess Purchase Price Over Net Assets Acquired

The excess purchase price over net assets acquired is being amortized using a straight-line method over 40 years. Amounts presented are net of accumulated amortization of \$4,216,000 in fiscal 1996 and \$3,759,000 in fiscal 1995. The Company periodically evaluates the useful life and realizability of the excess purchase price over net assets acquired based on current events and circumstances. Impairments are measured utilizing an undiscounted forecasted income method pertaining to business units and are recorded at the time management deems an impairment has occurred.

(f) Intangible Assets

Trademarks, patents, license agreements and other intangibles, included in other assets in the consolidated balance sheets, are being amortized on a straight-line basis over estimated useful lives ranging from 5 to 14 years. Net recorded intangible assets of \$243,000 and \$364,000 are presented net of accumulated amortization of \$2,314,000 and \$2,193,000 in fiscal 1996 and 1995, respectively.

(g) Accrued Expenses

Accrued expenses consist of the following:

	(In Thousands)	
	1996	1995
	----	----
Accrued payroll and related expenses....	\$ 3,567	\$3,200
Accrued commissions.....	1,392	1,190

Accrued warranty.....	1,252	879
Other accrued expenses...	3,790	2,806
	-----	-----
	\$10,001	\$8,075
	=====	=====

(h) Research and Development Costs

Research and development costs, included in cost of sales in the consolidated statements of earnings, are charged to expense when incurred. These costs were \$1,515,000, \$1,438,000 and \$1,295,000 in fiscal 1996, 1995 and 1994, respectively.

(i) Earnings Per Share

Primary earnings per share is based upon the weighted average number of outstanding shares of common stock and common stock equivalents. The weighted average number of shares outstanding was 8,666,000, 8,678,000 and 8,434,000 shares for the fiscal years 1996, 1995 and 1994, respectively. Fully diluted earnings per common and common equivalent shares are not presented, since dilution is less than 3%.

(j) Consolidated Statements of Cash Flows

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less to be cash equivalents. Cash paid for interest was \$4,397,000, \$4,076,000 and \$4,060,000 in fiscal 1996, 1995 and 1994, respectively. Cash payments totaling \$256,000, \$371,000 and \$192,000 were made for income taxes during fiscal 1996, 1995 and 1994, respectively.

(k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(l) Fair Value of Financial Instruments

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

(m) Adoption of Accounting Standards

In fiscal 1996, the Company adopted "SFAS 121: Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets To Be Disposed Of" and "SFAS 123: Accounting for Stock-Based Compensation." The adoption of these accounting standards did not have a material impact on the financial statements.

(n) Restatements

Sale of Discontinued Operations:

The financial statements presented have been restated for all periods

presented to exclude the Victory Refrigeration Company which has been accounted for as a discontinued operation (see Note 3 to the Financial Statements).

Litigation Settlement Accounting:

During 1996, the Company determined that a better technical interpretation of generally accepted accounting principles (GAAP) existed for its 1993 accounting for the proceeds from its legal settlement with Hussmann Corporation. The Securities and Exchange Commission (SEC) has concurred with this revised accounting treatment. The effect of this change was to record a greater gain from the settlement and restore certain assets related to the 1989 acquisition that were written-off in the original accounting for the settlement in 1993. This accounting has been reflected in the historical financial statements. The net effect on the 1993 balance sheet was to increase excess purchase price over net assets acquired and fixed assets by \$6,930,000 and increase equity by \$6,930,000. The effect on the statement of earnings was to increase non-cash amortization charges by \$276,000 for each year since 1993.

(3) DISCONTINUED OPERATION

On January 23, 1997, the Company completed the sale of substantially all of the assets of its Victory Refrigeration Company ("Victory") subsidiary to an investor group led by local management at Victory. Gross proceeds from the sale are expected to amount to approximately \$7,300,000, less amounts for retained liabilities and transaction costs aggregating approximately \$2,600,000. The proceeds are subject to post-closing adjustments. The terms of the sale were the results of arms-length negotiations. This sale was announced on November 1, 1996, concluding the sale of all of the assets of Victory. The sale and leaseback of the Victory facility to an unrelated third party had previously been completed on December 27, 1996 for net proceeds of approximately \$4,556,000. Proceeds from these transactions were used to pay down debt.

The results of the Victory Refrigeration Company subsidiary have been reported separately as a discontinued operation in the consolidated financial statements for all periods presented. The results of the discontinued operations are not necessarily indicative of the results which may have been obtained had the continuing and

discontinuing operations been operating independently. Summarized results of the Victory Refrigeration Company are as follows:

	(In Thousands)		
	1996	1995	1994
	----	----	----
Net Sales.....	\$27,261	\$32,841	\$35,809
Operating (Loss) Income.....	(458)	1,642	1,572
(Loss) Earnings Before Taxes.....	(1,111)	603	754
Provision for Taxes.....	(367)	184	249
	-----	---	---
(Loss) Earnings from Discontinued Operations.....	(744)	419	505
Estimated Loss on Disposal Including Operating Results During the			

Phase-out Period.....	(1,866)	-	-
	-----	----	----
Total (Loss) Earnings Related to Discontinued Operations.....	\$ (2,610)	\$ 419	\$ 505
	=====	=====	=====

During the fourth quarter of 1996, the Company provided for additional losses on disposal of \$495,000 net of taxes. The additional provision was required due to higher than anticipated operating losses prior to the sale of Victory. The loss on disposal of Victory consists primarily of operating losses of \$1,409,000 during the fourth quarter of 1996 and \$457,000 during 1997 until the sale was completed. The effective tax rate included in these amounts differs from the U.S. statutory rate due to permanent book vs. tax differences.

Interest expense of \$809,000, \$771,000 and \$818,000 for 1996, 1995 and 1994, respectively, has been allocated based upon the ratio of the net assets of the discontinued operations to the consolidated capitalization of the Company. Continuing operations and discontinued operations reflect the net tax expense or tax benefit generated by the respective operations, limited, however, by the income tax benefit recognized in the Company's historical financial statements. No general corporate expenses have been allocated to the discontinued operations.

The net assets of discontinued operations included in the Consolidated Balance Sheets at December 28, 1996 and December 30, 1995 amounted to \$4,082,000 and \$12,803,000, respectively, and consist primarily of receivables, inventory, and property, plant and equipment related to the discontinued operations, net of accounts payable, accrued liabilities and closing costs associated with the sale. Property and plant are not included in the December 28, 1996 amount, as the sale and leaseback transaction was completed on December 27, 1996.

(4) FINANCING ARRANGEMENTS

The following is a summary of long-term debt as of December 28, 1996 and December 30, 1995.

	(In Thousands)	
	1996	1995
	----	----
Senior secured credit facility:		
Revolving credit line.....	\$14,575	\$15,000
Term loans.....	8,362	11,959
Senior secured note.....	15,000	15,000
Other.....	3,331	1,069
	-----	-----
	\$41,268	\$43,028
Less current maturities of long-term debt.....	3,916	1,710
	-----	-----
Total long-term debt...	\$37,352	\$41,318
	=====	=====

On January 10, 1995, the Company's subsidiaries consummated a \$57,500,000

financing package to replace the existing bank debt and provide working capital for future growth. The financing included a \$42,500,000 senior secured credit facility from a group of lenders led by an affiliate of a major international bank and a \$15,000,000 senior secured note placement with a major insurance company.

The senior secured credit facility included a \$15,000,000 five-year term loan, a \$2,500,000 capital expenditure facility renewable annually, and a \$25,000,000 revolving credit line expiring in January, 2000. Borrowings under the revolving credit line are limited to specified percentages of defined accounts receivable and inventories. The credit agreement initially permitted borrowings for the term loan and revolving credit line at floating rates of 2.5% above LIBOR rate or 1% above base rate. The interest rate can be adjusted quarterly based on the Company's achievement of defined coverage ratios on a rolling four quarter basis. As of December 28, 1996, borrowings under LIBOR contracts were at 2.5% above the LIBOR rate and borrowings under prime rate contracts were at 1% above the base rate. A facility fee of .0625% is payable annually and a commitment fee of .375% is charged on the unused portion of the revolving credit facility and capital expenditure facility. The term loan is repayable in quarterly installments that total \$2,325,000 in 1997, plus a one-time payment of \$1,470,000 related to the sale of Victory due also in 1997. Additional scheduled repayments towards the term loan will total \$2,625,000 in 1998 and \$1,517,000 in 1999. The outstanding capital expenditure loans of \$425,000 are repayable in quarterly installments that total \$100,000 in each of 1997, 1998, and 1999 with a lump sum payment of \$125,000 or the remaining balance on January 2,

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2000. Mandatory prepayments are required in the case of any excess cash flow, as defined, or in the event of any sale or disposition of assets. The credit facility is secured by a senior security interest of substantially all property, plant and equipment and all accounts receivable and inventory of the Company's domestic subsidiaries.

As of December 28, 1996, the Company's revolving credit facility provided \$23,650,000 of total borrowing availability. There was \$14,575,000 outstanding under that facility at December 28, 1996. The Company had executed letters of credit of \$632,000 against this facility, leaving an available line of credit of \$8,443,000 at December 28, 1996. As of December 28, 1996, the assets of Victory Refrigeration Company provided \$5,412,000 of the \$23,650,000 total borrowing availability of the revolving credit facility.

The senior secured note bears interest at 10.99% and has an eight-year term maturing January, 2003 with semi-annual payments of \$2,500,000 beginning in July, 2000. A warrant for the purchase of 250,000 shares of common stock of the Company at an exercise price of \$3 per share was issued in conjunction with the note. Alternatively, the terms of the warrant provide for the purchase of 200,000 shares at \$.01 per share. The note agreement is secured by a senior security interest in substantially all the intellectual property collateral of the Company's subsidiaries.

The terms of the credit and note agreements prohibit the paying of dividends, limit capital expenditures and leases, and require, among other terms, a minimum amount, as defined, of shareholders' equity, and minimum ratios of current assets to current liabilities, cash flow coverage indebtedness and fixed charged coverage. The credit and note agreements also provide that if a material adverse change in the Company's business operations or conditions occurs, the lender and noteholder could declare an event of default. The Company was in compliance with all covenants as amended for the period ending December 28, 1996.

A foreign subsidiary of the Company had borrowings of \$3,433,000 at

December 28, 1996, including a \$1,700,000 term loan and a \$1,733,000 omnibus revolving credit line. The term loan is secured by the real property of the foreign subsidiary. The revolving credit line is guaranteed by the Company. Interest on both the term loan and the revolving credit line are at the prevailing bank rate. The term loan is repayable in twenty equal quarterly installments starting on March 31, 1998 and the revolving credit line is payable in full on January 1, 1998 if not renewed for an additional one-year period.

The weighted average interest rates under credit agreements during fiscal 1996, 1995 and 1994 were 9.3%, 9.5% and 8.7%, respectively.

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

(In Thousands)	
1997.....	\$ 3,916
1998.....	\$ 4,819
1999.....	\$ 1,963
2000.....	\$17,390
2001.....	\$ 5,340
Thereafter.....	\$ 7,840

Total.....	\$41,268
	=====

(5) COMMON AND PREFERRED STOCK

(a) Shares Authorized

At December 28, 1996 and December 30, 1995, the Company had 20,000,000 shares of common stock and 2,000,000 shares of Non-voting Preferred Stock authorized.

(b) Warrant

In conjunction with the issuance of the senior secured notes in January, 1995 (see Note 4), the Company issued a transferrable warrant to the noteholders for the purchase of 250,000 shares of common stock at an exercise price of \$3 per share. Alternatively under certain conditions, which have been met, the terms of the warrant provide for the purchase of 200,000 shares at \$.01 per share. The warrant provides for adjustment of the exercise price if the Company issues additional shares at a purchase price below the then current market price, as defined, and for adjustment of the number of shares if the Company declares a stock dividend. The warrant became exercisable on February 10, 1995 and expires July 10, 2003.

(c) Stock Options

The Company maintains an Amended and Restated 1989 Stock Incentive Plan (the "Plan"), effective as of February 16, 1989, which provides key employees of the Company rights to purchase shares of common stock at the fair market value of the stock on the date of grant. The Plan was amended in 1996, by shareholder approval, to increase the maximum amount that can be issued under the Plan to 400,000 shares from 200,000 shares. Options may be exercised upon certain vesting requirements being met but expire, to the extent unexercised, within a maximum of ten years from the date of grant. 147,075 shares remain available for issue at December 28, 1996 under the Plan. The weighted average exercise price of options outstanding under the Plan was \$4.43 at December 28, 1996 and \$3.10 at December 30, 1995.

In addition to the above Plan, the directors of the Company have options for 7,000 shares exercisable at \$1.875 per share and 75,000 shares exercisable at \$7.50 per share.

A summary of stock option activity is presented below.

Stock Option Activity	Key Employees	Directors	Option Price Per Share
Outstanding at			
December 31, 1994.....	140,000	9,000	\$1.25 to \$4.38
Granted.....	39,000	-	\$5.63
Exercised.....	(22,000)	-	\$1.25 to \$4.38
Forfeited.....	(2,000)	-	\$3.00
	-----	---	
Outstanding at			
December 30, 1995.....	155,000	9,000	\$1.25 to \$5.63
Granted.....	60,000	75,000	\$5.25 to \$7.50
Exercised.....	(72,500)	(2,000)	\$1.25 to \$4.38
Forfeited.....	(5,900)	-	\$3.00 to \$5.63
	-----	---	
Outstanding at			
December 28, 1996.....	136,600	82,000	\$1.25 to \$7.50
	=====	=====	

The weighted average fair value of options granted was \$5.78 and \$3.82 in 1996 and 1995, respectively. The Company accounts for options under APB Opinion No. 25, under which no compensation cost has been recognized. Had compensation cost for

these options been recorded, the Company's net income and earnings per share would have been reduced as follows:

		1996 ----	1995 ----
Earnings from Continuing Operations:	As Reported	\$3,083,000	\$2,745,000
	Pro Forma	\$2,893,000	\$2,671,000
Net Earnings:	As Reported	\$ 473,000	\$3,164,000
	Pro Forma	\$ 283,000	\$3,090,000
Continuing Operations EPS:	As Reported	\$ 0.35	\$ 0.31
	Pro Forma	\$ 0.33	\$ 0.31
EPS:	As Reported	\$ 0.05	\$ 0.36
	Pro Forma	\$ 0.03	\$ 0.36

Under SFAS 123, the fair value of each option grant is estimated on the date of grant using the following general assumptions for 1995 and 1996:

risk-free interest rate of 6.5 percent, no expected dividend yield, expected lives of four to five years, and an expected annual increase in stock value of ten percent.

(6) PROVISION FOR PRODUCT LINE DISCONTINUANCE AND RESTRUCTURING CHARGE

Company management made the decision to discontinue the production of a unique line of mixers during the fourth quarter of 1995. A provision of \$900,000 was recorded for this product line discontinuance. The charge related to the disposal and rationalization of assets associated with the product line and its operations. No changes in operating personnel were made as a result of this decision.

(7) INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes."

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

	(In Thousands)		
	1996	1995	1994
	----	----	----
Federal	\$1,153	\$ (385)	\$ 460
State and Local	188	183	144
Foreign	48	62	10
	-----	-----	-----
Total	\$1,389	\$ (140)	\$ 614
	=====	=====	=====

Although the Company is not a Federal taxpayer due to its NOL carry-forwards, a tax provision is still required to be recorded. The majority of the NOL carry-forwards expiring prior to 1998 relate to a 1983 quasi-reorganization and were not recorded as a credit to the tax provision, but were directly credited to paid-in-capital. NOL's expiring in 1998 and thereafter will be recorded entirely as a credit to the tax provision as they are recognized. Reconciliation of the differences between income taxes computed at the Federal statutory rate and effective rate are as follows:

	(In Thousands)		
	1996	1995	1994
	----	----	----
U.S. Federal statutory tax rate.....	34.0%	34.0%	34.0%
Utilizations of NOL and reductions in valuation allowance.....	(19.3)	(65.6)	(18.1)
Permanent book vs. tax differences.....	1.2	15.5	7.6
Foreign tax losses and rate differentials.....	11.0	3.7	(7.0)
State taxes, net of federal benefit.....	4.2	7.0	5.1
	---	---	---
Consolidated effective tax rate for continuing operations.....	31.1%	(5.4%)	21.6%
	=====	=====	=====

As of December 28, 1996 and December 30, 1995, the Company had recorded the

following deferred tax assets and liabilities which were comprised of the following:

	(In Thousands)	
	1996	1995
	----	----
Deferred Tax Assets:		
Net operating loss carry-forwards...	\$12,073	\$13,736
Tax credit carry-forwards.....	1,503	1,426
Accrued pension benefits.....	703	606
Accrued warranty.....	641	469
Other.....	1,141	960
Valuation allowance.....	(9,437)	(10,515)
	-----	-----
Deferred Tax Assets.....	6,624	6,682
Deferred Tax Liabilities:		
Depreciation.....	(1,588)	(1,666)
	-----	-----
Net Deferred Tax Assets.....	\$ 5,036	\$ 5,016
	=====	=====

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As of December 28, 1996, the consolidated tax loss carry-forwards for Federal income tax purposes were approximately \$12,073,000 on a tax effected basis. These carry-forwards expire as follows: \$6,849,000 in 1997; \$3,000 in 1998; \$264,000 in 2001; \$508,000 in 2004; \$1,619,000 in 2005; \$1,913,000 in 2006; and \$917,000 in 2007. Consolidated business tax credit carry-forwards available at December 28, 1996 to reduce future tax liabilities were approximately \$898,000 and expire from 1996 through 2000. The Company also has tax credits of approximately \$605,000 resulting from Federal AMT payments which do not expire.

The decrease in the gross tax asset and the related Valuation allowance was primarily due to the utilization of NOL carryforwards during the year. The utilization of the net operating loss and credit carry-forwards depend on future taxable income during the applicable carry-forward periods. Management evaluates and adjusts the valuation allowance, based on the Company's expected taxable income as part of the annual budgeting process. These adjustments reflect management's judgment as to the Company's ability to generate taxable income which will, more likely than not, be sufficient to recognize these tax assets.

(8) COMMITMENTS AND CONTINGENCIES

The Company leases office and plant facilities and equipment under operating leases which expire in fiscal 1997 through 2001. Rental expense was \$692,000, \$816,000 and \$897,000 in fiscal 1996, 1995, and 1994, respectively. Future minimum rental payments under these leases are as follows:

	(In Thousands)
1997.....	\$782,000
1998.....	709,000
1999.....	550,000
2000.....	552,000
2001.....	405,000
Thereafter.....	-

	\$2,998,000
	=====

In addition to the above, the Company entered into an agreement with the landlord of the Victory Refrigeration Company facility (before that

subsidiary was sold - see Note 3) to guarantee Victory's lease payments. The duration of this lease guarantee is 19 months. The contingent liability related to this guarantee totals approximately \$996,000 at December 28, 1996. This contingent liability is scheduled to decrease by approximately \$52,400 per month during fiscal 1997.

(9) SEGMENT INFORMATION

The Company is engaged in the manufacture and sale of commercial and institutional food cooking and preparation equipment for the foodservice industry. The Company's principal operations are in the United States, with a majority of sales made to domestic dealers and distributors. No customer accounted for 10% or more of sales during fiscal 1996, 1995 and 1994.

Sales outside the United States, based on dealer locations, are given below. These export sales represented 37%, 36% and 35% of the Company's net sales in fiscal 1996, 1995 and 1994, respectively. Additionally, a small amount of sales to U.S. customers are transshipped by those customers for installation at their international locations.

The following represents net sales as reported by each major geographic region:

	1996	Restated 1995	Restated 1994
	----	----	----
United States	\$ 78,594	\$ 67,878	\$60,971
Asia/Pacific	25,606	20,161	13,641
Europe/Other	11,248	10,430	8,986
Latin America	5,281	4,036	6,790
Canada	4,036	3,843	3,770
	-----	-----	-----
Total International	46,171	38,470	33,187
Total Net Sales	\$124,765	\$106,348	\$94,158
	=====	=====	=====

(10) EMPLOYEE BENEFIT PLANS

The Company has a discretionary profit sharing plan and a 401(k) savings plan for salaried and non-union hourly employees. The company had profit sharing expense of \$350,000, \$325,000 and \$300,000 in fiscal 1996, 1995 and 1994, respectively.

The Company has a defined benefit pension plan for union hourly plant employees at the Elgin, Illinois facility. The company's funding policy is to contribute the minimum required by the Employee Retirement Income Security Act of 1974. The plan had projected benefit obligations of \$1,911,000 and \$1,653,000 at December 28, 1996 and December 30, 1995, respectively. The market values of plan assets were \$1,549,000 and \$1,371,000 at December 28, 1996 and December 30, 1995, respectively. The discount rates used to determine the projected benefit obligations were 7.5% and 7.5% for 1996 and 1995, respectively. The net pension expense for this plan was \$155,000, \$140,000 and \$185,000 for fiscal 1996, 1995 and 1994, respectively.

In fiscal 1993, the Company adopted a non-qualified defined benefit pension plan for certain officers of the Company and entered into a retirement

benefit agreement with its President. The Company also has a retirement benefit agreement with its Chairman. The retirement benefit is based on a percentage of the officer's final base salary and the number of years of employment. The projected benefit obligations under these agreements were \$2,067,000 and \$1,812,000 at December 28, 1996 and December 30, 1995, respectively, and is currently unfunded. The discount rates used to determine the projected benefit obligations were 7.5% and 7.5% for 1996 and 1995, respectively. Retirement benefit expense was \$255,000, \$255,000 and \$259,000 in fiscal 1996, 1995 and 1994, respectively.

(11) QUARTERLY DATA (UNAUDITED)

	(In thousands, except per share data)			
	Restated 1st ---	Restated 2nd ---	Restated 3rd ---	Restated 4th ---
1996				

Net sales.....	\$29,510	\$28,661	\$31,400	\$35,194
Gross margin.....	8,567	8,529	9,373	10,966
Operating income.....	2,288	1,671	2,062	2,656
Earnings from continuing operations.....	766	401	624	1,292
(Loss) earnings from discontinued operations...	(80)	(432)	(1,603)	(495)
Net earnings (Loss).....	686	(31)	(979)	797
Net earnings (loss) per share:				
Continuing operations.....	.09	.04	.07	.15
Discontinued operations...	(.01)	(.04)	(.19)	(.06)
Net earnings (Loss) per common share.....	.08	.00	(.12)	.09
	===	===	====	===
1995				

Net sales.....	\$25,743	\$25,646	\$27,558	\$27,401
Gross margin.....	7,667	7,492	8,389	8,959
Operating income.....	1,836	1,484	2,117	1,459
Earnings from continuing operations.....	497	437	739	1,072
(Loss) earnings from discontinued operations...	168	180	144	(73)
Net earnings.....	665	617	883	999
Net earnings (loss) per share:				
Continuing operations.....	.06	.05	.08	.12
Discontinued operations...	.02	.02	.02	(.01)
Net earnings per common share.....	.08	.07	.10	.11
	====	====	===	===

THE MIDDLEBY CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
 FISCAL YEARS ENDED DECEMBER 28, 1996, DECEMBER 30, 1995,
 AND DECEMBER 31, 1994

	Balance Beginning Of Period	Additions Charged Expense	Write-Offs During the the Period	Balance At End Of Period
Allowance for doubtful accounts; deducted from accounts receiv- able on the balance sheets-				
1994	\$345,000	\$202,000	\$ (205,000)	\$342,000
1995	\$342,000	\$170,000	\$ (99,000)	\$413,000
1996	\$413,000	\$117,000	\$ (35,000)	\$495,000
Reserve for inventory obsolescence; deducted from inventories on the balance sheets-				
1994	\$940,000	\$457,000	\$ (882,000)	\$515,000
1995	\$515,000	\$783,000	\$ (282,000)	\$1,016,000
1996	\$1,016,000	\$209,000	\$ (279,000)	\$946,000

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Item 9. Changes in and Disagreements with Accountants on

Accounting and Financial Disclosure

None.

PART III

The information required by Part III (Items 10, 11, 12 and 13) is incorporated by reference, to the extent necessary, in accordance with General Instruction G(3), from the Company's definitive proxy statement filed pursuant to Regulation 14A in connection with the 1997 annual meeting of stockholders.

PART IV

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

(a) 1. Financial statements.

The financial statements listed on Page 14 are filed as part of this Form 10-K.

3. Exhibits.

- (3) (i) Unofficial Restated Certificate of Incorporation of The Middleby Corporation (as amended to August 23, 1996), incorporated by reference to the Company's Form 10-Q/A, Amendment No. 1, Exhibit 3(i), for the fiscal quarter ended June 29, 1996, filed on August 23, 1996;
- (3) (ii) Unofficial Amended and Restated Bylaws of The Middleby Corporation (as amended to August 23, 1996), incorporated by reference to the Company's Form 10-Q/A, Amendment No. 1, Exhibit 3(ii), for the fiscal quarter ended June 29, 1996, filed on August 23, 1996;
- (4) (a) Certificate of Designations dated October 30, 1987, and specimen stock certificate relating to the Company's Preferred Stock, incorporated by reference from the Company's Form 10-K, Exhibit (4), for the fiscal year ended December 31, 1988, filed on March 15, 1989;

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- (4) (b) Loan and Security Agreement dated January 9, 1995, by and among Middleby Marshall Inc. and Asbury Associates, Inc., as Borrowers, certain lenders named therein, as Lenders, and Sanwa Business Credit Corporation, as Agent and Lender, incorporated by reference to the Company's Form 10-K, Exhibit (4) (b), for the fiscal year ended December 31, 1994, filed on March 31, 1995;
- (4) (b) (i) First Amendment to Loan and Security Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4) (b) (i), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;
- (4) (b) (ii) Second Amendment to Loan and Security Agreement, dated as of December 26, 1996;
- (4) (b) (iii) Third Amendment to Loan and Security Agreement, dated as of January 22, 1997;
- (4) (c) Note Agreement dated as of January 1, 1995, among Middleby Marshall Inc. and Asbury Associates, Inc. as Obligors, incorporated by reference to the Company's Form 10-K, Exhibit (4) (c), for the fiscal year ended December 31, 1994, filed on March 31, 1995;
- (4) (c) (i) Amendment No. 1 to Note Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4) (c) (i), for the fiscal quarter ended June 29, 1996, filed August 13, 1996;
- (4) (c) (ii) Amendment No. 2 to Note Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4) (c) (ii), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;
- (4) (c) (iii) Amendment No. 3 to Note Agreement, dated as of August 15, 1996;
- (4) (c) (iv) "Second Amendment" (Amendment No. 4) to Note Agreement, dated as of January 15, 1997;
- (4) (d) Warrant to purchase common stock of The Middleby Corporation dated January 10, 1995, incorporated by reference to the

Company's Form 10-K, Exhibit (4) (d), for the fiscal year ended December 31, 1994, filed on March 31, 1995;

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- (4) (e) Intercreditor Agreement dated as of January 10, 1995, by and among Sanwa Business Credit Corporation, as Agent, the Northwestern Mutual Life Insurance Company, as the Senior Noteholder, and First Security Bank of Utah, National Association, as Security Trustee and collateral Agent, incorporated by reference to the Company's Form 10-K, Exhibit (4) (e), for the fiscal year ended December 31, 1994, filed on March 31, 1995;
- (4) (e) (i) Amendment No. 1 to Intercreditor Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4) (e) (i), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;
- (4) (e) (ii) Amendment No. 2 to Intercreditor Agreement, incorporated by reference to the Company's Form 10-Q, Exhibit (4) (e) (ii), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;
- (10) (iii) (a) * Amended and Restated Employment Agreement of William F. Whitman, Jr., dated January 1, 1995, incorporated by reference to the Company's Form 10-Q, Exhibit (10) (iii) (a), for the fiscal quarter ended April 1, 1995;
- (10) (iii) (b) * Amended and Restated Employment Agreement of David P. Riley, dated January 1, 1995, incorporated by reference to the Company's 10-Q, Exhibit (10) (iii) (b) for the fiscal quarter ended April 1, 1995;
- (10) (iii) (c) * Amended and Restated Employment Agreement of independent directors adopted as of January 1, 1995, incorporated by reference to the Company's Form 10-Q, Exhibit (10) (iii) (c), for the fiscal quarter ended April 1, 1995;
- (10) (iii) (d) * The Middleby Corporation Amended and Restated 1989 Stock Incentive Plan, as amended, incorporated by reference to the Company's Form 10-Q, Exhibit (10) (iii) (d), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;
- (10) (iii) (e) * 1993 Performance Bonus Plan (Corporate Vice Presidents) incorporated by reference to the Company's Form 10-K, Exhibit 10 (iii) (g), for the fiscal year ended January 1, 1994, filed on March 31, 1994;

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- (10) (iii) (f) * 1996 Management Incentive Plan (Corporate Vice Presidents), incorporated by reference to Company's Form 10-Q, Exhibit 10 (iii) (f), for the fiscal quarter ended June 29, 1996, filed on August 13, 1996;
- (10) (iii) (g) * Description of Supplemental Retirement Program, incorporated by reference to Amendment No. 1 to the Company's Form 10-Q, Exhibit 10 (c), for the fiscal quarter ended July 3, 1993, filed on August 25, 1993;
- (10) (iii) (h) * The Middleby Corporation Stock Ownership Plan, incorporated by reference to the Company's Form 10-K, Exhibit (10) (iii) (m), for the fiscal year ended January 1, 1994, filed on March 31, 1994;

- (10) (iii) (i) * Amendment to The Middleby Corporation Stock Ownership Plan dated as of January 1, 1994; incorporated by reference to the Company's Form 10-K, Exhibit (10) (iii) (n), for the fiscal year ended December 31, 1994, filed on March 31, 1995;
- (10) (iii) (j) Agreement of Purchase and Sale of the Company's Cherry Hill, New Jersey facility, with attached lease, incorporated by reference to the Company's Form 10-Q, Exhibit (10) (iii) (j), for the fiscal quarter ended September 28, 1996, filed on November 12, 1996;
- (10) (iii) (k) Asset Purchase Agreement among Middleby Marshall Inc., Victory Refrigeration Company and Victory Acquisition Group dated December 27, 1996, incorporated by reference to the Company's Form 8-K, Exhibit (10) (iii) (k), filed on February 7, 1997;
- (22) List of subsidiaries;
- (27) Financial Data Schedules (EDGAR only);
- (99) Unaudited Pro Forma Financial Information, incorporated by reference to the Company's Form 8-K, Exhibit (99), filed on September 7, 1995;

* Designates management contract or compensation plan.

- (b) There were no reports on Form 8-K in the fiscal fourth quarter of 1996. Subsequent to the end of the period, on February 10, 1997, the Company filed a Current Report on Form 8-K to report the completion of its sale of the Victory Refrigeration Company subsidiary.
- (c) See the financial statement schedule included under Item 8.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 28th of March, 1997.

THE MIDDLEBY CORPORATION

BY: /s/ David P. Riley

David P. Riley
 President, Chief Executive
 Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 28, 1997.

Signatures

Title

PRINCIPAL EXECUTIVE OFFICER

/s/ David P. Riley

David P. Riley

President, Chief Executive Officer,
 and Director

PRINCIPAL FINANCIAL AND
ACCOUNTING OFFICER

/s/ John J. Hastings

John J. Hastings

Executive Vice President, Chief
Financial Officer, Secretary and
Treasurer

DIRECTORS

/s/ William F. Whitman, Jr.

William F. Whitman, Jr.

Chairman of the Board and Director

/s/ Newell Garfield, Jr.

Newell Garfield, Jr.

Director

/s/ Robert R. Henry

Robert R. Henry

Director

/s/ A. Don Lummus

A. Don Lummus

Director

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/s/ John R. Miller, III

John R. Miller, III

Director

/s/ Philip G. Putnam

Philip G. Putnam

Director

/s/ Sabin C. Streeter

Sabin C. Streeter

Director

/s/ Joseph G. Tompkins

Joseph G. Tompkins

Director

/s/ Laura B. Whitman

Laura B. Whitman

Director

/s/ Robert L. Yohe

Robert L. Yohe

Director

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SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT

This SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") is made as of December 26, 1996, by and among MIDDLEBY MARSHALL INC., a Delaware corporation having its principal place of business and chief executive office at 1400 Toastmaster Drive, Elgin, Illinois 60120 ("MMI"), ASBURY ASSOCIATES, INC., a Florida corporation having its chief executive office at 3810 Executive Way, Miramar, Florida 33025 ("AAI"), VICTORY REFRIGERATION COMPANY, a Delaware corporation having an office at 1400 Toastmaster Drive, Elgin, Illinois 60120 ("Victory"), VICTORY INTERNATIONAL, INC., a Delaware corporation having an office at 1400 Toastmaster Drive, Elgin, Illinois 60120 ("Victory International"), the lenders who are or who may from time to time become signatories hereto ("Lenders"), and SANWA BUSINESS CREDIT CORPORATION, a Delaware corporation having an office at One South Wacker Drive, Chicago, Illinois 60606 ("SBCC"), as agent for the Lenders hereunder (SBCC, in such capacity, being "Agent"). MMI, AAI, Victory and Victory International are sometimes hereinafter collectively referred to as "Borrowers" and individually as a "Borrower".

R E C I T A L S:

A. MMI, AAI, Lenders and Agent are party to that certain Loan and Security Agreement dated as of January 9, 1995 and MMI, AAI, Victory, Victory International, Lenders and Agent are party to that certain First Amendment to Loan and Security Agreement dated as of March 28, 1996 (as amended, the "Loan Agreement") which, as amended, provides for a total credit facility of up to \$42,500,000 in the form of a revolving line of credit, a term loan, a capital expenditure loan and a commitment to issue letters of credit. Capitalized

terms not otherwise defined herein shall have the respective meanings assigned thereto in the Loan Agreement.

B. MMI, AAI, Victory and Victory International have determined that it is in the best interest of the Borrowers to have Victory sell certain real estate owned by Victory located at Woodcrest & Burnt Mill Road, Cherry Hill, New Jersey 08034 (the "Cherry Hill Property") to Vineland Construction Co. ("Purchaser") pursuant to that certain Agreement of Purchase and Sale dated October 28, 1996 between Purchaser and Victory (the "Purchase Agreement").

C. MMI, AAI, Victory, Victory International, Lenders and Agent desire to amend and modify certain provisions of the Loan Agreement. Upon the date on which each of the conditions set forth in Section 2 of this Amendment have been satisfied, all such amendments shall be deemed effective as of December ___, 1996 (the "Effective Date").

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. Amendment to the Loan Agreement. MMI, AAI, Victory, Victory International, Lenders and Agent agree that the Loan Agreement is, as of the Effective Date, amended as follows:

1.1 The preamble to the Loan Agreement is hereby amended by (i) deleting the zip code "60127" in lines 4, 8 and 11 thereof and replacing it with the zip code "60120" in each instance, and (ii) deleting the address "10340 USA Today Way, Miramar, Florida 33025" in lines 5 and 6 thereof and replacing it with "3810 Executive Way, Miramar, Florida 33025".

1.2 Section 1.1 is hereby amended by amending the definition of "Capital Expenditures" by deleting the last line thereof and replacing it with the following:

with respect to Capitalized Lease Obligations, excluding expenditures financed by Purchase Money Indebtedness.

1.3 Section 1.1 is hereby amended by amending the definition of "EBITDA" by adding the following sentence to the end of such definition:

The foregoing notwithstanding, the calculation of EBITDA for the quarter ending September 30, 1996 shall not include the one time charge of approximately \$1,371,000 from the discontinued operations of Victory.

1.4 Section 1.1 is hereby amended by amending the definition of "Mortgage[s]" by deleting the last line of such definition and replacing it with the following:

Elgin, Illinois and (ii) Fuquay-Varina, North Carolina.

1.5 Section 9.2(C) is hereby amended by deleting "One Million Dollars (\$1,000,000)" in line 18 thereof and replacing it with "Three Million Six Hundred Thousand Dollars (\$3,600,000)".

1.6 Section 9.2(M) is hereby amended by deleting "Exhibit C" in line 5 thereof and replacing it with "Exhibit D".

1.7 Section 9.2(O) is hereby amended by (i) deleting the word "or" in line 7 thereof, (ii) replacing the period at the end of Section 9.2(O) with a comma, and (iii) adding the following phrase at the end of such Section "and (v) the sale of that certain parcel of property owned by Victory located at Woodcrest & Burnt Mill Road, Cherry Hill, New Jersey 08034 pursuant to that certain Agreement of Purchase and Sale dated October 28, 1996 between Victory and Vineland Construction Co.".

1.8 Section 9.3(D) is hereby amended by deleting such Section in its entirety and replacing it with the following:

(D) Cash Flow Coverage Ratio. MMI shall at the end of each fiscal quarter within the Term hereof shown below have a Cash Flow Coverage Ratio for the four fiscal quarters then ended as follows:

Fiscal Quarter -----	Ratio -----
Fiscal Quarters Ending on or after December 31, 1994 but before June 30, 1996	1.1 to 1.0
Fiscal Quarters Ending on or after June 30, 1996 but before June 29, 1997	.95 to 1.0
Fiscal Quarters Ending on or after June 30, 1997 but before June 29, 1998	1.0 to 1.0
Fiscal Quarters Ending on	1.1 to 1.0

or after June 30, 1998

1.9 Exhibit D to the Loan Agreement is hereby amended by deleting the address "10390 USA Today Way, Miramar, FL 33025" therein and replacing it with "3810 Executive Way, Miramar, FL 33025".

1.10 Exhibit S to the Loan Agreement is hereby amended by adding to Exhibit S the following:

E. Middleby Philippines Corporation

1. UCC Financing Statement by PCI Bank, attached hereto.

SECTION 2. Conditions Precedent to Effectiveness of this Amendment. The amendments to the Loan Agreement embodied in this Amendment shall not be effective (in which case such agreement shall remain in full

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force and effect unamended by this Amendment) unless and until the following conditions precedent have been satisfied:

(a) this Amendment shall have been executed by the parties hereto;

(b) an opinion of D'Ancona & Pflaum, counsel to the Borrowers, to the effect that: (A) this Amendment has been duly authorized by all necessary corporate action on the part of the Borrowers, has been duly executed and delivered by the Borrowers and constitutes the legal, valid and binding contract of the Borrowers enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); (B) no approval, consent or withholding of objection on the part of, or filing or regulation or qualification with, any governmental body, Federal, state or local, is necessary in connection with the execution, delivery and performance of this Amendment or any other agreements being delivered by the Borrowers in connection with the amendments contemplated hereunder; (C) the execution, delivery and performance by the Borrowers of this Amendment or any other agreement being delivered in connection with the amendments contemplated hereunder do not conflict with or result in the breach of any of the provisions of, or constitute a default under or result in the breach of any of the provisions of, or constitute a default under or result in the creation or imposition of any Lien upon any property of the Borrowers pursuant to the Articles or Certificate of Incorporation or By-laws of the Borrowers or any agreement, license or other instrument known to such counsel to which any of the Borrowers is a party or by which any of such Borrowers may be bound; and such opinion shall cover such other matters relating to this Amendment and the amendments contemplated hereunder as the Lenders may reasonably request;

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(c) The Net Proceeds of the sale of the Cherry Hill Property shall be equal to approximately \$4,500,000. The Borrowers shall apply the greater of (i) \$2,250,000, or (ii) fifty percent (50%), of the Net Proceeds from the sale of the Cherry Hill Property to prepay the principal installments of the Term Loan in inverse order of maturity. The remaining portion of the Net Proceeds from the sale of the Cherry Hill Property shall be used to prepay the Revolving Credit Loan (without a permanent reduction in the Revolving Credit Loan Commitment);

(d) The Parent shall have delivered its consent to the amendments contemplated hereunder and reaffirmed its obligations under the Support

Agreement, by its execution and delivery of the Parent Support Letter in the form of Exhibit A hereto; and

(e) The Northwestern Mutual Life Insurance Company shall have delivered its consent to the amendments contemplated hereunder.

SECTION 3. Representations and Warranties of Borrowers. Each Borrower represents and warrants that:

(a) the execution, delivery and performance by it of this Amendment has been duly authorized by all necessary corporate action or any other necessary action on their respective parts;

(b) this Amendment has been duly executed and delivered by each Borrower;

(c) this Amendment and the Loan Agreement are and will be, legal, valid and binding obligations of each Borrower, enforceable against each Borrower in accordance with its terms, except as the enforcement thereof may be subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law);

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(d) the representations, warranties and covenants contained in Sections 5, 6, 7, 8 and 9 of the Loan Agreement are true and correct in all material respects on and as of the Effective Date as if made on such date;

(e) no Default or Event of Default under the Loan Agreement has occurred and is continuing; and

(f) since September 30, 1996 there has been no material adverse change in the business, financial or other conditions of any Borrower, or in the collateral securing the Obligations or in the prospects of any Borrower, other than the one time charge of approximately \$1,371,000 from the discontinued operations of Victory.

SECTION 4. Reference to and Effect on Loan Agreement.

(a) On and after the Effective Date, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to any of such agreements in any of the other documents delivered in connection therewith, shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended above, the Loan Agreement and the Loan Documents shall remain in full force and effect and are hereby in all respects ratified and confirmed.

(c) Notwithstanding this Amendment, Lender is not in any way obligated to further modify, extend or amend any Loan Documents or to forebear or forestall any collection efforts or other remedies it may have under the Loan Documents or at law.

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(d) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lender under the Loan Agreement or any of the Loan Documents.

SECTION 5. Collateral Documents. Each Borrower has heretofore

executed and delivered to the Lender certain Loan Documents and each Borrower hereby acknowledges and agrees that, notwithstanding the execution and delivery of this Amendment, the Loan Documents remain in full force and effect and the rights and remedies of the Lender thereunder, the obligations of each Borrower thereunder and the liens and security interests created and provided for thereunder remain in full force and effect and shall not be affected, impaired or discharged hereby. Nothing herein contained shall in any manner affect or impair the priority of the liens and security interests created and provided for in the Loan Documents as to the indebtedness which would be secured thereby prior to giving effect to this Amendment.

SECTION 6. Expenses. The Borrowers agree to pay on demand all costs and expenses of or incurred by the Lender in connection with the negotiation, preparation, execution and delivery of this Amendment and the other instruments and documents executed and delivered in connection with the transactions described herein (including the filing or recording thereof), including the fees and expenses of counsel for the Lenders.

SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

SECTION 8. Governing Law. This Amendment shall be governed and construed with reference to the laws of the State of Illinois, without regard to principles of conflicts of law.

SECTION 9. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purposes.

IN WITNESS WHEREOF, this Amendment has been duly executed in Chicago, Illinois, on the day and year specified at the beginning hereof.

BORROWERS:

MIDDLEBY MARSHALL INC. VICTORY REFRIGERATION COMPANY

By: By:
Its: Its:

ASBURY ASSOCIATES, INC. VICTORY INTERNATIONAL, INC.

By: By:
Its: Its:

SANWA BUSINESS CREDIT THE CIT GROUP/BUSINESS CREDIT
CORPORATION, as Agent and Lender INC., as Lender

By: By:
Its: Its:

EXHIBIT A

PARENT SUPPORT LETTER

Reference is made to that certain Second Amendment to Loan and Security Agreement dated as of December ____, 1996 by and among Middleby Marshall Inc. ("MMI"), Asbury Associates, Inc. ("AAI"), Victory Refrigeration Company ("Victory"), Victory International, Inc. ("Victory International"), the lenders who are or may from time to time become signatories thereto ("Lenders") and Sanwa Business Credit Corporation, a Delaware corporation ("SBCC"), as agent for the Lenders thereunder (SBCC, in such capacity, being "Agent"). Said Second Amendment to Loan and Security Agreement supplements and amends that certain Loan Agreement dated as of January 9, 1995 by and among MMI, AAI, the Lenders and Agent as amended by that certain First Amendment to Loan and Security Agreement dated as of March 28, 1996 among MMI, AAI, Victory, Victory International, the Lenders and Agent. Said Loan Agreement, as amended from time to time, is hereinafter referred to as the "Loan Agreement." Unless otherwise defined herein, capitalized terms shall have the meaning given to them in the Loan Agreement.

In order to induce the Lenders and Agent to enter into the Second Amendment to Loan Agreement, The Middleby Corporation, a Delaware corporation (the "Parent Corporation"), which owns 100% of the issued and outstanding capital stock of MMI, represents, warrants and covenants to the Lenders and Agent and each successor of such party that each of the representations, warranties and covenants set forth in that certain Support Agreement delivered by the Parent Corporation on January 9, 1995 remains in full force and effect on and as of the date hereof. The Parent Corporation by its execution and delivery of this Parent Support Letter reaffirms its obligations under and pursuant to the Support Agreement and by its execution and delivery of this Parent Support Letter consents to the changes contemplated in the Second Amendment to Loan and Security Agreement.

IN WITNESS WHEREOF, this Parent Support Letter has been executed and delivered by the Parent Corporation on this _____ day of December, 1996.

THE MIDDLEBY CORPORATION

By
Its

Address:

1400 Toastmaster Drive
Elgin, Illinois 60120
Attention: John J. Hastings
Telephone No.: (708) 741-9215
Telecopier No.: (708) 741-9476

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

This THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") is made as of January 22, 1997, by and among MIDDLEBY MARSHALL INC., a Delaware corporation having its principal place of business and chief executive office at 1400 Toastmaster Drive, Elgin, Illinois 60120 ("MMI"), ASBURY ASSOCIATES, INC., a Florida corporation having its chief executive office at 3810 Executive Way, Miramar, Florida 33025 ("AAI"), VICTORY REFRIGERATION COMPANY, a Delaware corporation having an office at 1400 Toastmaster Drive, Elgin, Illinois 60120 ("Victory"), VICTORY INTERNATIONAL, INC., a Delaware corporation having an office at 1400 Toastmaster Drive, Elgin, Illinois 60120 ("Victory International"), the lenders who are or who may from time to time become signatories hereto ("Lenders"), and SANWA BUSINESS CREDIT CORPORATION, a Delaware corporation having an office at One South Wacker Drive, Chicago, Illinois 60606 ("SBCC"), as agent for the Lenders hereunder (SBCC, in such capacity, being "Agent"). MMI, AAI, Victory and Victory International are sometimes hereinafter collectively referred to as "Borrowers" and individually as a "Borrower".

R E C I T A L S:

A. MMI, AAI, Lenders and Agent are party to that certain Loan and Security Agreement dated as of January 9, 1995 and MMI, AAI, Victory, Victory International, Lenders and Agent are party to that certain First Amendment to Loan and Security Agreement dated as of March 28, 1996 (the "First Amendment") and that certain Second Amendment to Loan and Security Agreement dated as of December 26, 1996 (as amended, the "Loan Agreement") which, as amended, provides for a total credit facility of up to \$42,500,000 in the form of a revolving line of credit, a term

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loan, a capital expenditure loan and a commitment to issue letters of credit. Capitalized terms not otherwise defined herein shall have the respective meanings assigned thereto in the Loan Agreement.

B. MMI, AAI, Victory and Victory International have determined that it is in the best interest of the Borrowers to have Victory sell substantially all of its assets (the "Victory Assets") to Victory Acquisition Group L.L.C. ("Purchaser") pursuant to that certain Asset Purchase Agreement dated as of December 27, 1996 among Victory, MMI and Purchaser (the "Purchase Agreement").

C. MMI, AAI, Victory, Victory International, Lenders and Agent desire to amend and modify certain provisions of the Loan Agreement. Upon the date on which each of the conditions set forth in Section 2 of this Amendment have been satisfied, all such amendments shall be deemed effective as of January 22, 1997 (the "Effective Date").

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. Amendment to the Loan Agreement. MMI, AAI, Victory, Victory International, Lenders and Agent agree that the Loan Agreement is, as of the Effective Date, amended as follows:

1.1 Section 9.2(0) is hereby amended by deleting such section in its entirety and replacing it with the following:

(0) Disposition of Assets. Sell, lease or otherwise dispose of any of

their Properties, or permit any Subsidiary to sell, lease or otherwise dispose of any of their Properties including in either case any disposition of Property as part of a sale and leaseback transaction, to or in favor of any Person, except (i) sales of Inventory in the ordinary course of Borrowers' businesses or sales of slow-moving, obsolete or other Inventory which is not Eligible Inventory, in either case for so long as no Event of Default exists hereunder, (ii) a transfer of Property to a Borrower by a Subsidiary, (iii) dispositions expressly authorized by this Agreement, (iv) sales or dispositions of

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Equipment and/or real Property which would not alone or in conjunction with other sales or dispositions materially and adversely affect Borrowers business operations or abilities to repay the Obligations, (v) the sale of that certain parcel of property owned by Victory located at Woodcrest & Burnt Mill Road, Cherry Hill, New Jersey 08034 pursuant to that certain Agreement of Purchase and Sale dated October 28, 1996 between Victory and Vineland Construction Co., or (vi) the sale of substantially all of the assets of Victory pursuant to that certain Asset Purchase Agreement dated as of December 27, 1996 among Victory, MMI and Victory Acquisition Group L.L.C.; provided, however, that \$1,470,000 of the proceeds of such sale shall be applied to prepay the principal installments of the Term Loan in inverse order of maturity and the remaining balance of the proceeds of such sale shall be applied to prepay the Revolving Credit Loan (without a permanent reduction in the Revolving Credit Loan Commitment).

SECTION 2. Conditions Precedent to Effectiveness of this Amendment. The amendments to the Loan Agreement embodied in this Amendment shall not be effective (in which case such agreement shall remain in full force and effect unamended by this Amendment) unless and until the following conditions precedent have been satisfied:

(a) this Amendment shall have been executed by the parties hereto;

(b) an opinion of D'Ancona & Pflaum, counsel to the Borrowers, to the effect that: (A) this Amendment has been duly authorized by all necessary corporate action on the part of the Borrowers, has been duly executed and delivered by the Borrowers and constitutes the legal, valid and binding contract of the Borrowers enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); (B) no approval, consent or withholding of objection on the part of, or filing or regulation or qualification with, any governmental body, Federal, state or local, is necessary in connection with the execution, delivery and performance of this Amendment or any other agreements being delivered by the Borrowers in connection with the amendments contemplated

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hereunder; (C) the execution, delivery and performance by the Borrowers of this Amendment or any other agreement being delivered in connection with the amendments contemplated hereunder do not conflict with or result in the breach of any of the provisions of, or constitute a default under or result in the breach of any of the provisions of, or constitute a default under or result in the creation

or imposition of any Lien upon any property of the Borrowers pursuant to the Articles or Certificate of Incorporation or By-laws of the Borrowers or any agreement, license or other instrument known to such counsel to which any of the Borrowers is a party or by which any of such Borrowers may be bound; and such opinion shall cover such other matters relating to this Amendment and the amendments contemplated hereunder as the Lenders may reasonably request;

(c) the net proceeds of the sale of the Victory Assets received by Victory upon closing shall be equal to approximately \$5,000,000 and, subject to the terms of the Purchase Agreement, an additional \$1,000,000 shall be payable to Victory after the closing subject to the terms of the Purchase Agreement. The Borrowers shall apply \$1,470,000 of the net proceeds from the sale of the Victory Assets to prepay the principal installments of the Term Loan in inverse order of maturity. The remaining balance of the net proceeds from the sale of the Victory Assets shall be used to prepay the Revolving Credit Loan (without a permanent reduction in the Revolving Credit Loan Commitment);

(d) the Parent shall have delivered its consent to the amendments contemplated hereunder and reaffirmed its obligations under the Support Agreement, by its execution and delivery of the Parent Support Letter in the form of Exhibit A hereto;

(e) the representations and warranties of the Borrowers contained in Section 3 of this Amendment shall be true and correct as of the Effective Date;

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(f) the Agent shall have received:

(i) the fully executed Taiwanese Subsidiary Guaranty (as defined in the First Amendment) pursuant to Section 5(c) the First Amendment;

(ii) the fully executed Taiwanese Subsidiary Stock Pledge Agreement (as defined in the First Amendment) pursuant to Section 5(d) of the First Amendment and the related shares of capital stock shall be endorsed in blank; and

(iii) evidence of the existence and good standing of Asbury Worldwide (Taiwan) Company, Ltd. (the "Taiwanese Subsidiary");

(g) the Northwestern Mutual Life Insurance Company shall have delivered its consent to the amendments contemplated hereunder; and

(h) the Agent shall have received copies, certified as being true, correct and complete, of the Purchase Agreement and evidence satisfactory in form and substance to it that the transactions contemplated therein have been consummated.

SECTION 3. Representations and Warranties of Borrowers. Each Borrower represents and warrants that:

(a) the execution, delivery and performance by it of this Amendment has been duly authorized by all necessary corporate action or any other necessary action on their respective parts;

(b) this Amendment has been duly executed and delivered by each Borrower;

(c) this Amendment and the Loan Agreement are and will be, legal, valid and binding obligations of each Borrower, enforceable against each Borrower in accordance with its terms, except as the enforcement thereof

may be subject to (i) the effect of any applicable bankruptcy,

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insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law);

(d) the representations, warranties and covenants contained in Sections 5, 6, 7, 8 and 9 of the Loan Agreement are true and correct in all material respects on and as of the Effective Date as if made on such date;

(e) MMI owns and controls either directly or indirectly not less than 80% of the capital stock (and any securities convertible at any time and from time to time into capital stock) of the Taiwanese Subsidiary; MMI has capitalized the Taiwanese Subsidiary in an amount not to exceed U.S. \$200,000; and the Taiwanese Subsidiary is authorized to guarantee all outstanding indebtedness of the Borrowers, including the Obligations;

(f) no Default or Event of Default under the Loan Agreement has occurred and is continuing; and

(g) since September 30, 1996 there has been no material adverse change in the business, financial or other conditions of any Borrower, or in the collateral securing the Obligations or in the prospects of any Borrower, other than the one time charge of approximately \$1,371,000 from the discontinued operations of Victory.

SECTION 4. Reference to and Effect on Loan Agreement.

(a) On and after the Effective Date, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to any of such agreements in any of the other documents delivered in connection therewith, shall mean and be a reference to the Loan Agreement as amended hereby.

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(b) Except as specifically amended above, the Loan Agreement and the Loan Documents shall remain in full force and effect and are hereby in all respects ratified and confirmed.

(c) Notwithstanding this Amendment, Lender is not in any way obligated to further modify, extend or amend any Loan Documents or to forebear or forestall any collection efforts or other remedies it may have under the Loan Documents or at law.

(d) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lender under the Loan Agreement or any of the Loan Documents.

SECTION 5. Collateral Documents. Each Borrower has heretofore executed and delivered to the Lender certain Loan Documents and each Borrower hereby acknowledges and agrees that, notwithstanding the execution and delivery of this Amendment, the Loan Documents remain in full force and effect and the rights and remedies of the Lender thereunder, the obligations of each Borrower thereunder and the liens and security interests created and provided for thereunder remain in full force and effect and shall not be affected, impaired or discharged hereby. Nothing herein contained shall in any manner affect or impair the

priority of the liens and security interests created and provided for in the Loan Documents as to the indebtedness which would be secured thereby prior to giving effect to this Amendment.

SECTION 6. Expenses. The Borrowers agree to pay on demand all costs and expenses of or incurred by the Lender in connection with the negotiation, preparation, execution and delivery of this Amendment and the other instruments and documents executed and delivered in connection with the transactions described herein (including the filing or recording thereof), including the fees and expenses of counsel for the Lenders.

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SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

SECTION 8. Governing Law. This Amendment shall be governed and construed with reference to the laws of the State of Illinois, without regard to principles of conflicts of law.

SECTION 9. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purposes.

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IN WITNESS WHEREOF, this Amendment has been duly executed in Chicago, Illinois, on the day and year specified at the beginning hereof.

BORROWERS:

MIDDLEBY MARSHALL INC.

VICTORY REFRIGERATION COMPANY

By:
Its:

By:
By:

ASBURY ASSOCIATES, INC.

VICTORY INTERNATIONAL, INC.

By:
Its:

By:
Its:

SANWA BUSINESS CREDIT CORPORATION, as Agent and Lender

THE CIT GROUP/BUSINESS CREDIT INC., as Lender

By:
Its:

By:
Its:

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THIRD AMENDMENT TO NOTE AGREEMENT

This Third Amendment dated as of August 15, 1996 (the or this "Amendment") to the Note Agreement dated as of January 1, 1995, (as previously amended, the "Note Agreement") between and among Middleby Marshall Inc., a Delaware corporation ("MMI"), Asbury Associates, Inc., a Florida corporation, Victory International Inc., a Delaware corporation, and Victory Refrigeration Company, a Delaware corporation (each of the foregoing an "Obligor" and collectively the "Obligors") and The Northwestern Mutual Life Insurance Company (the "Noteholder").

RECITALS:

A. The Obligors and the Noteholder have heretofore entered into the Note Agreement, pursuant to which the Company has issued the \$10.99% Senior Note Due 2003 (the "Notes"). The Noteholder is the holder of 100% of the outstanding principal amount of the Notes.

B. The Company and the Noteholder now desire to amend provisions of the Note Agreement as of April 1, 1996 (the "Effective Date") in the respects, but only in the respects, hereinafter set forth.

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

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

SECTION 1. AMENDMENTS.

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

5.7 Indebtedness Ratio. The Obligors shall not at any time permit the ratio of Consolidated Funded Debt to Consolidated Total Capitalization to exceed:

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DURING THE PERIOD:	RATIO OF CONSOLIDATED FUNDED DEBT TO CONSOLIDATED TOTAL CAPITALIZATION:
Closing Date Through March 31, 1996	.90 to 1.00
April 1, 1996 through March 31, 1997	.80 to 1.00
April 1, 1997 through January 3, 1998	.70 to 1.00
January 4, 1998 through January 2, 1999	.60 to 1.00
January 3, 1999 and thereafter	.50 to 1.00

SECTION 2. REPRESENTATIONS AND WARRANTIES.

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

(a) this Amendment has been duly authorized, executed and delivered by it and this Amendment constitutes the legal, valid and binding obligation,

contract and agreement of such Obligor enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

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

(c) the execution, delivery and performance by such Obligor of this Amendment (i) have been duly authorized by all requisite corporate action and, if required, shareholder action, (ii) do not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, (B) violate or require any consent under or with respect to any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, including, without limitation, the Finance Company Loan Agreement or the Finance Company Security Documents, or (C) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument; and

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

SECTION 3. CONDITIONS PRECEDENT; MISCELLANEOUS.

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

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

(b) the Noteholder shall have received a written consent to this Amendment for purposes of the Finance Company Loan Agreement and Finance Company Security Documents, duly executed by the Agent and the Lenders, which consent shall be in form and substance satisfactory to the Noteholder; and

(c) the Noteholder shall have received a certificate, in form satisfactory to it, of an appropriate officer of MMI, on behalf of each Obligor, to the effect that the representations and warranties of the Obligors set forth in ss. 2 hereof are true and correct on and with respect to the date hereof.

Upon receipt of all of the foregoing, this Amendment shall become effective as of the Effective Date referred to in Paragraph B of the Recitals.

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

3.5 Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment may

refer to the Note Agreement without making specific reference to this Amendment but nevertheless all such references shall include this Amendment unless the context otherwise requires.

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

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3.7. This Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

Middleby Marshall, Inc.

By: _____

Its:

Asbury Associates, Inc.

By: _____

Its:

Victory International, Inc.

By: _____

Its:

Victory Refrigeration Company

By: _____

Its:

Accepted and Agreed to
as of August 15, 1996

The Northwestern Mutual Life
Insurance Company

By: _____
Its: Vice President

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MIDDLEBY MARSHALL INC.
AND
ASBURY ASSOCIATES, INC.
AND
VICTORY REFRIGERATION COMPANY
AND
VICTORY INTERNATIONAL, INC.

FOURTH AMENDMENT TO NOTE AGREEMENT

Dated as of January 15, 1997

Re: Note Agreement Dated as of January 1, 1995
and
\$15,000,000 10.99% Senior Secured Notes
Due January 10, 2003
and
Warrant to Purchase Common Stock

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MIDDLEBY MARSHALL INC.
AND
ASBURY ASSOCIATES, INC.
AND
VICTORY REFRIGERATION COMPANY
AND
VICTORY INTERNATIONAL, INC.
SECOND AMENDMENT TO NOTE AGREEMENT
Re: Note Agreement Dated as of January 1, 1995
and
\$15,000,000 10.99% Senior Secured Notes
Due January 10, 2003
and
Warrant to Purchase Common Stock

Dated as of
January 15, 1997

The Northwestern Mutual Life Insurance Company
720 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

Ladies and Gentlemen:

Reference is made to the Note Agreement dated as of January 1, 1995 (the "1995 Note Agreement"), between and among Middleby Marshall Inc., a Delaware corporation ("MMI"), Asbury Associates, Inc., a Florida corporation ("Asbury"; Asbury and MMI each hereinafter sometimes individually referred to as an "Obligor" and collectively as the "Original Obligors"), and you (the "Noteholder"), under and pursuant to which \$15,000,000 aggregate principal amount of Senior Notes Due January 10, 2003 (the "Notes") were originally issued.

Reference is further made to the First Amendment to Note Agreement dated as of March 1, 1996 (the "First Amendment"; the 1995 Note Agreement as amended by the First Amendment is hereinafter referred to as the "Original Note Agreement"), between and among the Original Obligors, Victory International, Inc. ("Victory International"), a Wholly-owned Subsidiary of MMI, and Victory Refrigeration Company ("Victory"), a Delaware corporation and a Wholly-owned Subsidiary of Victory International (each of Victory and Victory International being hereinafter sometimes individually also referred to as an "Obligor" and collectively with the Original Obligors as the "Obligors") and the Noteholder, under and pursuant to which the 1995 Note Agreement was amended. Capitalized terms not otherwise defined herein shall have the respective meanings assigned thereto in the Original Note Agreement.

The Obligors desire to undertake the following, namely, (i) the series of sales covering all of the assets of Victory (the "Victory Sales") and (ii) the amending of the terms of the Original Note Agreement and the Finance Company Loan Agreement as would be necessary in order to permit the Victory Sales and to permit certain investments in, and guarantees of the obligations of, the Philippine subsidiary of MMI. The Victory Sales and such amending of the Original Note Agreement and the Finance Company Loan Agreement are hereinafter collectively referred to as the "1997 Changes."

Pursuant to Section 7 of the Original Note Agreement, the holders of at least 51% in aggregate principal amount of the outstanding Notes must consent to any amendments of the Original Note Agreement or the Security Documents in connection with the Obligors' accomplishing the 1997 Changes. Since the Noteholder is the holder of 100% in aggregate principal amount of the outstanding Notes, the Obligors hereby request that it accept the amendments set forth below. On the Effective Date (as hereinafter defined) this instrument

shall constitute an agreement which amends the Original Note Agreement in the respects hereinafter set forth.

SECTION 1. AMENDMENTS TO THE ORIGINAL NOTE AGREEMENT.

Section 1.1. Amendment to Section 5.9 of the Original Note Agreement. Section 5.9 of the Original Note Agreement shall be, and is hereby, amended in its entirety to read as follows:

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

DURING THE PERIOD	MINIMUM LEVEL
1995 Fiscal Year	1.75 to 1.00
December 31, 1995 through June 29, 1996	2.00 to 1.00
June 30, 1996 through March 29, 1997	1.55 to 1.00
March 30, 1997 through January 3, 1998	1.75 to 1.00
1998 Fiscal Year and each Fiscal Year thereafter	2.00 to 1.00"

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Section 1.2. Amendment to Section 5.11 of the Original Note Agreement. (a) Section 5.11(a) of the Original Note Agreement shall be, and is hereby, amended by amending in its entirety clause (10) thereof to read as follows:

"(10) Indebtedness of MPC, FAB-Asia, the Japanese Subsidiary or the Taiwanese Subsidiary provided that (i) FAB-Asia shall have no Indebtedness except mortgage Indebtedness in an amount not to exceed \$500,000 outstanding on the Effective Date, (ii) no such Indebtedness shall be secured by any Lien upon property or assets of any Obligor or any other Subsidiary, and (iii) no Obligor or other Subsidiary shall be liable with respect to such Indebtedness except to the extent that any Guaranty by the Obligors of obligations incurred by, together with the Investment of the Obligors or any other Subsidiary in and to, (x) FAB-Asia or MPC shall not exceed \$6,400,000 in the aggregate in U.S. dollars at any time, (y) the Japanese Subsidiary shall not exceed \$600,000 in U.S. dollars at any time or (z) the Taiwanese Subsidiary shall not exceed \$200,000 in U.S. dollars at any time; and"

(b) Section 5.11(a) of the Original Note Agreement shall be, and is hereby, further amended by adding a clause (11) thereto to read as follows:

"(11) Indebtedness of MMI evidenced by a Guaranty of the obligations of MPC under the MPC Revolving Credit Facility; provided that the obligations of MMI under such Guaranty shall not exceed \$3,700,000."

Section 1.3. Amendment to Section 5.14 of the Original Note Agreement. Section 5.14 of the Original Note Agreement shall be, and is hereby, amended by amending in its entirety clause (a) thereof to read as follows:

"(a) Investment by the Obligors and their respective Subsidiaries in and to Subsidiaries, including any Investment in a corporation which, after

giving effect to such Investment, will become a Subsidiary of an Obligor or one of its Wholly-owned Subsidiaries; provided that in no event shall the Investment of the Obligors in and to, together with any Guaranty by the Obligors of obligations incurred by, (i) FAB-Asia

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or MPC exceed \$6,400,000 in the aggregate in U.S. dollars at any time, or (ii) the Japanese Subsidiary exceed \$600,000 in U.S. dollars at any time, or (iii) the Taiwanese Subsidiary exceed \$200,000 in U.S. dollars at any time; provided further, that in each case the Investments described in clause (i), (ii) and (iii) above shall be limited to the amounts set forth above without regard to whether the Obligors would otherwise be permitted to make a greater Investment in FAB-Asia, MPC, the Japanese Subsidiary or the Taiwanese Subsidiary within the limitations of clause (k) of this Section 5.14;"

Section 1.4. Amendment to Section 5.15 of the Original Note Agreement. Section 5.15 of the Original Note Agreement shall be, and is hereby, amended by amending in its entirety clause (b) thereof to read as follows:

"(b) The Obligors will not, and will not permit any of their respective Subsidiaries to, sell, lease, transfer, abandon or otherwise dispose of assets (except assets sold in the ordinary course of business for fair market value); provided that the foregoing restrictions do not apply to:

(1) the sale, lease, transfer or other disposition of assets of a Subsidiary of MMI to MMI or a Wholly-owned Subsidiary of MMI; or

(2) the sale or transfer of assets of an Obligor or any of its respective Subsidiaries whenever it is determined in the good faith judgment of the Board of Directors of MMI in the event the fair market value of such assets being disposed of equals or exceeds \$1,000,000 or a Responsible Officer of MMI in the event that the fair market value of such assets being disposed of is less than \$1,000,000 that such assets are obsolete, worn-out or without economic value to such Obligor or such Subsidiary; or

(3) the exchange in an arms-length transaction of assets, provided that (i) the assets acquired by an Obligor or any of its respective Subsidiaries in connection with such exchange shall have a fair market value (as determined in good faith by the Board of Directors of MMI in the event the fair market value of such assets being disposed of equals or exceeds \$1,000,000 or a Responsible Officer of MMI in the event that the fair market value of such assets being disposed of is less than \$1,000,000) equal to or greater than the fair market value of the assets disposed of by such Obligor or such Subsidiary in connection with such exchange, (ii) the assets acquired by such Obligor or such Subsidiary in connection with such exchange shall be similar in nature to the assets sold or otherwise disposed of in connection with such exchange, and (iii) the assets so acquired are free and clear of any Lien and are useful and are intended to be used in the business of the Obligors and their respective Subsidiaries as described in Section 5.5; or

(4) the sale of the Victory Real Assets pursuant to the Victory Real Assets Sale Agreement; provided, however, that the net proceeds from the sale of the Victory Real Assets shall be applied towards the payment of the obligations of the Obligors under the Finance Company Loan Agreement; or

(5) the sale of the Victory Operating Assets pursuant to the Victory Operating Assets Sale Agreement; provided, however, that the net proceeds from the sale of the Victory Operating Assets shall be applied towards the payment of the obligations of the Obligors under

(6) the sale of assets for cash or other property to a Person or Persons other than an Affiliate if all of the following conditions are met:

(i) such assets (valued at net book value) do not, together with all other assets of the Obligors and their respective Subsidiaries previously disposed of during the same Fiscal Year (other than in the ordinary course of business), exceed 10% of Consolidated Total Assets determined as of the end of the immediately preceding fiscal quarter;

(ii) in the opinion of the Board of Directors of MMI in the event the fair market value of such assets being disposed of equals or exceeds \$1,000,000 or a Responsible Officer of MMI in the event that the fair market value of such assets being disposed of is less than \$1,000,000, the sale is for fair value and is in the best interests of the Obligors; and

(iii) immediately after the consummation of the transaction and after giving effect thereto, no Default or Event of Default would exist;

provided, however, that for purposes of the foregoing calculation, there shall not be included (x) the Victory Real Assets sold pursuant to the Victory Real Assets Sale Agreement or (y) the Victory Operating Assets sold pursuant to the Victory Operating Assets Sale Agreement or (z) any assets the proceeds of which were or are (A) immediately after the consummation of such sale deposited in an escrow account with a depository institution or trust company of the character described in clause (g) of Section 5.14 acting as escrow agent, (B) invested in Investments of the character described in clauses (e), (f) or (g) of said Section 5.14, and (C) applied within twelve months of the date of sale of such assets to either (1) the acquisition of assets useful and intended to be used in the operation of the business of the Obligors and their respective Subsidiaries as described in Section 5.5 and having a fair market value (as determined in good faith by the Board of Directors of MMI in the event the fair market value of such assets being disposed of equals or exceeds \$1,000,000 or a Responsible Officer of MMI in the event that the fair market value of such assets being disposed of is less than \$1,000,000) at least equal to that of the assets so disposed of or (2) offered on a pro rata basis towards the prepayment at any applicable prepayment premium of Senior Indebtedness (including, without limitation, the Notes) of MMI ranking pari passu with the Notes. It is understood and agreed by the Obligors and each holder of the Notes by its acceptance thereof that any such holder may decline any such offer of prepayment, that the failure of any such holder to accept or decline any such offer of prepayment shall be deemed to be an election by such holder to decline such prepayment, and that if any such offer is so accepted, the proceeds so offered towards the prepayment of the Notes and accepted shall be prepaid as and to the extent provided in Section 2.2.

Computations pursuant to this Section 5.15(b) shall include dispositions made pursuant to Section 5.15(c) and computations pursuant to Section 5.15(c) shall include dispositions made pursuant to this Section 5.15(b)."

Section 8.1 of the Original Note Agreement shall be, and is hereby, amended by deleting the definition of "Consolidated Net Income" and replacing it with the following:

"Consolidated Net Income" for any period shall mean the gross revenues of MMI and its Subsidiaries for such period less all expenses and other proper charges (including taxes on income and all Corporate Overhead Expense paid or payable during such period), determined on a consolidated basis after eliminating earnings or losses attributable to outstanding Minority Interests, but excluding in any event:

(a) any gains or losses on the sale or other disposition of Investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;

(b) the proceeds of any life insurance policy;

(c) net earnings and losses of any Subsidiary of MMI accrued prior to the date it became a Subsidiary of MMI;

(d) net earnings and losses of any corporation (other than a Subsidiary of MMI), substantially all the assets of which have been acquired in any manner by MMI and its Subsidiaries or any Subsidiary of MMI, realized by such corporation prior to the date of such acquisition;

(e) net earnings and losses of any corporation (other than a Subsidiary) with which MMI or any of its Subsidiaries shall have consolidated or which shall have merged into or with MMI or any of its Subsidiaries prior to the date of such consolidation or merger;

(f) net earnings of any business entity (other than a Subsidiary) in which MMI or any of its Subsidiaries has an ownership interest unless such net earnings shall have actually been received by MMI or such Subsidiary in the form of cash distributions;

(g) any portion of the net earnings of any Subsidiary of MMI which for any reason is unavailable for payment of dividends to MMI or any of its other Subsidiaries;

(h) earnings resulting from any reappraisal, revaluation or write-up of assets;

(i) any deferred or other credit representing any excess of the equity in any Subsidiary of MMI at the date of acquisition thereof over the amount invested in such Subsidiary;

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(j) any gain arising from the acquisition of any Securities of MMI or any of its Subsidiaries;

(k) any reversal of any contingency reserve, except to the extent that provision for such contingency reserve shall have been made from income arising during such period; and

(l) any other extraordinary gain.

Notwithstanding the foregoing, for purposes of the calculation of "Consolidated Net Income" in determining compliance with Section 5.9, for the fiscal quarter ending September 28, 1996 "Consolidated Net Income" shall not be reduced by the one time charge of \$1,371,000 resulting from the discontinued operations of Victory."

(b) Section 8.1 of the Original Note Agreement shall be, and is hereby, further amended by deleting the definition of "Finance Company Loan Agreement"

and replacing it with the following:

"Finance Company Loan Agreement" shall mean that certain Loan and Security Agreement dated as of January 9, 1995 as amended March 28, 1996, December 26, 1996 and January 22, 1997 among the Obligors, Sanwa Business Credit Corporation, as agent and lender, and the Finance Company Lenders named therein."

(c) Section 8.1 of the Original Note Agreement shall be, and is hereby, further amended by deleting the definition of "Taiwanese Subsidiary" and replacing it with the following:

"Taiwanese Subsidiary" shall mean Asbury Worldwide (Taiwan) Company Ltd., and any Person who succeeds to all, or substantially all, of the assets and business of Asbury Worldwide (Taiwan) Company Ltd."

(d) Section 8.1 of the Original Note Agreement shall be, and is hereby, further amended by adding thereto the following definitions:

"MPC Revolving Credit Facility" shall mean PCI Bank omnibus credit-line."

"Victory Operating Assets" shall mean all of the assets of Victory other than the Victory Real Assets."

"Victory Operating Assets Sale Agreement" shall mean that certain Agreement of Purchase and Sale dated December 27, 1996 between Victory Acquisition Group, LLC, a Delaware limited liability company, and Victory."

"Victory Real Assets" shall mean the real property of Victory."

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"Victory Real Assets Sale Agreement" shall mean that certain Agreement of Purchase and Sale dated October 28, 1996 between Vineland Construction Co. and Victory."

SECTION 2. WAIVER AND CONSENTS.

Section 2.1. Upon and by virtue of this Second Amendment becoming effective as herein contemplated, the execution, delivery and performance of the Second Amendment to Loan and Security Agreement in the form attached hereto as Exhibit A and the execution, delivery and performance of the Third Amendment to Loan and Security Agreement in the form attached hereto as Exhibit B are hereby consented to and approved by the Noteholder. Any failure of the Obligors to comply with the provisions of Section 5.19, which failure constitutes an Event of Default under the Original Note Agreement, as a result of the execution, delivery or performance such Second Amendment to Loan and Security Agreement or Third Amendment to the Loan and Security Agreement shall be deemed to have been waived by the Noteholder.

Section 2.2. The Company understands and agrees that the waivers contained in this Section 2 pertain only to the matters and to the extent herein described and not to any other actions of the Obligors under, or matters arising in connection with, the Original Note Agreement or to any rights which you have arising by virtue of any such other actions or matters.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

Section 3.1. To induce the Noteholder to execute and deliver this Second Amendment to Note Agreement, each of the Obligors represents and warrants to Noteholder (which representations shall survive the execution and delivery of this Second Amendment to Note Agreement) that:

(a) this Second Amendment to Note Agreement has been duly authorized, executed and delivered by it and this Second Amendment to Note Agreement

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

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

(c) the execution, delivery and performance by such Obligor of this Second Amendment to Note Agreement (i) has been duly authorized by all requisite corporate action and, if required, shareholder action, (ii) does not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, or (B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (iii) (A) (3) of this Section 3.1(c);

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

(e) the representations and warranties set forth in Exhibit B to the First Amendment are true and correct on and as of the Effective Date as if made on such date; and

(f) since September 30, 1996 there has been no material adverse change in the business, financial or other conditions of any Obligor, or in the collateral securing of the Notes or in the prospects of any Obligor, other than the one-time charge of \$1,371,000 from the discontinued operations of Victory.

SECTION 4. CONDITIONS PRECEDENT.

The effectiveness and validity of this Second Amendment to the Note Agreement is subject to the satisfaction of the following conditions precedent:

(a) The Noteholder of the shall have received the following, all of which must be satisfactory in form and substance to such Noteholder:

(i) this Second Amendment to Note Agreement, duly executed by the Obligors;

(ii) an opinion of D'Ancona & Pflaum, special counsel to the Obligors, to the effect that: (A) this Second Amendment to Note Agreement has been duly authorized by all necessary corporate action on the part of the Obligors, has been duly executed and delivered by the Obligors and constitutes the legal, valid and binding contract of the Obligors enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); (B) no approval, consent or withholding of objection on the part of, or filing or registration or qualification with, any governmental body, Federal, state or local, is necessary in connection with the execution, delivery and performance of this Second Amendment to Note

Agreement or any other agreements being delivered by the Obligors in connection with 1997 Changes; (C) the execution, delivery and performance by the Obligors of this Second

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Amendment to Note Agreement, or any other agreement being delivered in connection with 1997 Changes do not conflict with or result in the breach of any of the provisions of, or constitute a default under or result in the creation or imposition of any Lien upon any property of the Obligors pursuant to the Articles of Incorporation or By-laws of the Obligors or any agreement, license or other instrument known to such counsel to which either of the Obligors is a party or by which either of such Obligors may be bound; and such opinion shall cover such other matters relating to this Second Amendment to Note Agreement as the Noteholder may reasonably request.

(b) This Second Amendment to Note Agreement shall have been executed and delivered by the Noteholder.

(c) The Obligors shall have entered into amendments to the Finance Company Loan Agreement in connection with the 1997 Changes satisfactory in form and substance to the Noteholder.

(d) The Parent Corporation shall have delivered its consent to the 1997 Changes and reaffirmed its obligations under the Support Agreement, by its execution and delivery of the Parent Support Letter in the form of Exhibit C hereto.

(e) The Noteholder shall have received copies, certified as being true, correct and complete, of the Victory Sale Agreement and evidence satisfactory in form and substance to it that the transactions contemplated therein have been consummated.

(f) The representations and warranties of the Obligors contained in Section 3 of this Second Amendment to Note Agreement shall be true and correct as of the Effective Date.

(g) The Noteholder shall have received, pursuant to Section 5.22 of the Original Note Agreement, the executed Subsidiary Guaranty for the Taiwanese Subsidiary and pursuant to Section 6 of the First Amendment a stock pledge agreement between MMI and the Security Trustee regarding the capital stock of the Taiwanese subsidiary together with the shares of such capital stock duly endorsed in blank.

SECTION 5. MISCELLANEOUS.

Section 5.1. Effective Date; Ratification. The amendments contemplated by this Second Amendment to Note Agreement shall be effective as of the date (the "Effective Date") upon which (a) all conditions set forth in Section 4 hereof have been satisfied, (b) the Noteholder shall have received a copy of the agreements entered into by the Obligors with the Finance Company Lenders with respect to the 1997 Changes, and (c) the fees and expenses of Chapman and Cutler shall have been paid by the Obligors. Except as amended herein, the terms and provisions of the Original Note Agreement are hereby ratified, confirmed and approved in all respects.

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Section 5.2. Successors and Assigns;. This Second Amendment to Note Agreement shall be binding upon the Obligors and their respective successors and assigns and shall inure to the benefit of the Holders and to the benefit of their successors and assigns, including each successive holder or holders of any Notes.

Section 5.3. Counterparts;. This Second Amendment to Note Agreement may be

executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

Section 5.4. Fees and Expenses;. Whether or not the Effective Date occurs, the Company agrees to pay all reasonable fees and expenses of the Holders and special counsel to the holders in connection with the preparation of this Second Amendment to Note Agreement.

Section 5.5. No Legend Required;. Any and all notices, requests, certificates and other instruments may refer to the Original Note Agreement or the Note Agreement dated as of January 1, 1995 without making specific reference to this Second Amendment to Note Agreement, but nevertheless all such references shall be deemed to include this Second Amendment to Note Agreement unless the context shall otherwise require.

Section 5.6. Governing Law;. This Second Amendment to Note Agreement shall be deemed contracts and instruments made under the laws of the State of Illinois.

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

MIDDLEBY MARSHALL INC.
By _____
Its Executive Vice President

ASBURY ASSOCIATES, INC.
By _____
Its Vice President

VICTORY REFRIGERATION COMPANY
By _____
Its Vice President

VICTORY INTERNATIONAL, INC.
By _____
Its Vice President

Accepted as of January 22, 1996.

THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY
By _____
Its

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THE MIDDLEBY CORPORATION
LISTING OF SUBSIDIARIES

NAME

Middleby Marshall Inc.
Victory International, Inc. (1)
Asbury Associates, Inc.
Middleby Philippines Corporation
Fab-Asia, Inc.
Asbury Worldwide (Taiwan) Co., Ltd.
Victory Refrigeration Company (1)
Asbury S.L.
International Catering and Equipment Supplies, Inc.
Asbury Mexico S.A. de C.V.
Middleby Japan Corporation
Peterson Distributors, Inc. (1)
Viking West, Inc. (1)

(1) Inactive wholly owned subsidiaries.

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