

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the period ended July 3, 2004

or

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

Commission File No. 1-9973

THE MIDDLEBY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

36-3352497

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer Identification No.)

1400 Toastmaster Drive, Elgin, Illinois

60120

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone No., including Area Code

(847) 741-3300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

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

As of August 6, 2004, there were 9,240,801 shares of the registrant's common stock outstanding.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

QUARTER ENDED JULY 3, 2004

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PART I. FINANCIAL INFORMATION

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

| | <u>Jul. 3, 2004</u> | <u>Jan. 3, 2004</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,952 | \$ 3,652 |
| Accounts receivable, net of reserve for doubtful accounts of \$3,246 and \$3,146 | 30,597 | 23,318 |
| Inventories, net | 29,055 | 25,382 |
| Prepaid expenses and other | 1,102 | 1,776 |
| Current deferred taxes | 12,872 | 12,839 |
| Total current assets | 76,578 | 66,967 |
| Property, plant and equipment, net of accumulated depreciation of \$30,689 and \$29,146 | 23,607 | 24,921 |
| Goodwill | 74,761 | 74,761 |
| Other intangibles | 26,300 | 26,300 |
| Other assets | 1,563 | 1,671 |
| Total assets | \$202,809 | \$194,620 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current maturities of long-term debt | \$ — | \$ 14,500 |
| Accounts payable | 15,318 | 11,901 |
| Accrued expenses | 37,267 | 37,076 |
| Total current liabilities | 52,585 | 63,477 |
| Long-term debt | 48,315 | 42,000 |
| Long-term deferred tax liability | 8,264 | 8,264 |
| Other non-current liabilities | 17,148 | 18,789 |
| Stockholders' equity: | | |
| Preferred stock, \$.01 par value; nonvoting; 2,000,000 shares authorized; none issued | — | — |

| | | |
|---|------------------|------------------|
| Common stock, \$.01 par value; 20,000,000 shares authorized; 11,288,371 and 11,257,021 issued in 2004 and 2003, respectively | 113 | 113 |
| Paid-in capital | 55,486 | 55,279 |
| Treasury stock at cost; 2,047,570 and 2,047,271 shares in 2004 and 2003, respectively | (12,482) | (12,463) |
| Retained earnings | 35,350 | 21,470 |
| Accumulated other comprehensive loss | (1,970) | (2,309) |
| Total stockholders' equity | 76,497 | 62,090 |
| Total liabilities and stockholders' equity | \$202,809 | \$194,620 |

See accompanying notes

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

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|----------------------------|------------------|----------------------------|
| | Jul. 3, 2004 | Jun. 28, 2003 | Jul. 3, 2004 | Jun. 28, 2003 |
| | | (as restated) ¹ | | (as restated) ¹ |
| Net sales | \$72,913 | \$ 65,408 | \$135,376 | \$ 121,801 |
| Cost of sales | 44,120 | 42,758 | 83,407 | 80,099 |
| Gross profit | 28,793 | 22,650 | 51,969 | 41,702 |
| Selling expenses | 8,327 | 7,780 | 15,703 | 14,942 |
| General and administrative expenses | 5,813 | 5,226 | 11,509 | 10,709 |
| Income from operations | 14,653 | 9,644 | 24,757 | 16,051 |
| Interest expense and deferred financing amortization | 794 | 1,623 | 1,691 | 3,337 |
| (Gain) loss on acquisition financing derivatives | 2 | (42) | — | (111) |
| Other (income) expense, net | 78 | 148 | 272 | 283 |
| Earnings before income taxes | 13,779 | 7,915 | 22,794 | 12,542 |
| Provision for income taxes | 5,490 | 3,318 | 8,914 | 5,336 |
| Net earnings | \$ 8,289 | \$ 4,597 | \$ 13,880 | \$ 7,206 |
| Net earnings per share: | | | | |
| Basic | \$ 0.90 | \$ 0.51 | \$ 1.50 | \$ 0.80 |
| Diluted | \$ 0.82 | \$ 0.49 | \$ 1.39 | \$ 0.77 |
| Weighted average number of shares: | | | | |
| Basic | 9,237 | 9,033 | 9,228 | 9,031 |
| Dilutive stock options ² | 811 | 320 | 780 | 294 |
| Diluted | 10,048 | 9,353 | 10,008 | 9,325 |

¹ See Note 2.

² There were no anti-dilutive stock options excluded from common stock equivalents for any period presented.

See accompanying notes

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

| | Six Months Ended | |
|---|------------------|----------------|
| | Jul. 3, 2004 | Jun. 28, 2003 |
| Cash flows from operating activities- | | |
| Net earnings | \$ 13,880 | \$ 7,206 |
| Adjustments to reconcile net earnings to cash provided by operating activities: | | |
| Depreciation and amortization | 1,940 | 2,076 |
| Deferred taxes | (33) | 3,337 |
| Unrealized gain on derivative financial instruments | — | (111) |
| Unpaid interest on seller notes (1) | — | 478 |
| Changes in assets and liabilities- | | |
| Accounts receivable, net | (7,279) | (4,019) |
| Inventories, net | (3,674) | (589) |
| Prepaid expenses and other assets | 565 | (547) |
| Accounts payable | 3,417 | (5,160) |
| Accrued expenses and other liabilities | (1,111) | 893 |
| Net cash provided by operating activities | 7,705 | 3,564 |
| Cash flows from investing activities- | | |
| Net additions to property and equipment | (409) | (674) |
| Acquisition of Blodgett | (2,000) | — |
| Net cash (used in) investing activities | (2,409) | (674) |
| Cash flows from financing activities- | | |
| Proceeds under revolving credit facilities, net | 46,815 | — |
| Net repayments under senior secured bank notes | (53,000) | (6,600) |
| Repayments of foreign bank loan | — | (800) |
| Other financing activities, net | 189 | 20 |
| Net cash (used in) financing activities | (5,996) | (7,380) |
| Effect of exchange rates on cash and cash equivalents | — | 24 |
| Changes in cash and cash equivalents- | | |

| | | |
|--|----------|----------|
| Net (decrease) increase in cash and cash equivalents | (700) | (4,466) |
| Cash and cash equivalents at beginning of year | 3,652 | 8,378 |
| Cash and cash equivalents at end of quarter | \$ 2,952 | \$ 3,912 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | \$ 1,660 | \$ 2,527 |
| Income taxes paid | \$ 6,985 | \$ 1,753 |

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

See accompanying notes

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 3, 2004
(Unaudited)

1) Summary of Significant Accounting Policies

A) Basis of Presentation

The condensed consolidated financial statements have been prepared by The Middleby Corporation (the “company”), pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements are unaudited and certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the company believes that the disclosures are adequate to make the information not misleading. These financial statements should be read in conjunction with the financial statements and related notes contained in the company’s 2003 Form 10-K/A.

In the opinion of management, the financial statements contain all adjustments necessary to present fairly the financial position of the company as of July 3, 2004 and January 3, 2004, and the results of operations for the three and six months ended July 3, 2004 and June 28, 2003 and cash flows for the six months ended July 3, 2004 and June 28, 2003.

B) Stock-Based Compensation

As permitted under SFAS No. 123: “Accounting for Stock-Based Compensation”, the company has elected to follow APB Opinion No. 25: “Accounting for Stock Issued to Employees” in accounting for stock-based awards to employees and directors. Under APB No. 25, because the exercise price of the company’s stock options is equal to or greater than the market price of the underlying stock on the date of grant, no compensation expense is recognized in the company’s financial statements for all periods presented.

Pro forma interim information regarding net earnings and earnings per share is required by SFAS No. 148. This information is required to be determined as if the company had accounted for its employee and director stock options granted subsequent to December 31, 1994 under the fair value method of SFAS No. 123.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the company’s options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of its options.

For purposes of these interim pro forma disclosures, the estimated fair value of the options is amortized to expense over the options’ vesting period. The company’s pro forma net earnings and per share data utilizing a fair value based method is as follows:

| Three Months Ended | | Six Months Ended | |
|--------------------|---------------|------------------|---------------|
| Jul. 3, 2004 | Jun. 28, 2003 | Jul. 3, 2004 | Jun. 28, 2003 |
| _____ | _____ | _____ | _____ |

| | (in thousands, except per share data) | | | |
|---|---------------------------------------|-----------------|------------------|-----------------|
| Net income - as reported | \$ 8,289 | \$ 4,597 | \$ 13,880 | \$ 7,206 |
| Less: Stock-based employee compensation expense, net of taxes | (282) | (121) | (564) | (216) |
| Net income - pro forma | \$ 8,007 | \$ 4,476 | \$ 13,316 | \$ 6,990 |
| Earnings per share - as reported: | | | | |
| Basic | \$ 0.90 | \$ 0.51 | \$ 1.50 | \$ 0.80 |
| Diluted | 0.82 | 0.49 | 1.39 | 0.77 |
| Earnings per share - pro forma: | | | | |
| Basic | \$ 0.87 | \$ 0.50 | \$ 1.44 | \$ 0.77 |
| Diluted | 0.80 | 0.48 | 1.33 | 0.75 |

2) Restatement

Subsequent to the issuance of the company's financial statements for the quarter ended April 3, 2004, it was determined that the costs incurred for shipping and handling should have been classified as a component of cost of sales rather than as a reduction of net sales in accordance with EITF Abstract No. 00-10, "Accounting for Shipping and Handling Fees and Costs." As a result, the statements of earnings for the three-month and six-month periods ended June 28, 2003 have been restated to reflect the costs incurred for shipping and handling as a component of cost of sales rather than a reduction in net sales. The impact of this restatement had no effect on net earnings or earnings per share for the three-month and six-month periods ended June 28, 2003.

| | June 28, 2003 | | | |
|---------------|------------------------|------------|--------------|------------|
| | As Previously Reported | | As Restated | |
| | Three Months | Six Months | Three Months | Six Months |
| Sales | \$ 63,595 | \$ 118,362 | \$ 65,408 | \$ 121,801 |
| Cost of Sales | 40,945 | 76,660 | 42,758 | 80,099 |

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3) Litigation Matters

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

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4) New Accounting Pronouncements

In December 2003, the Financial Accounting Standards Board ("FASB") issued a revision to Statement of Financial Accounting Standards ("SFAS") No. 132 "Employers' Disclosure about Pensions and Other Postretirement Benefits." This statement retains the disclosures previously required by SFAS No. 132 but adds additional disclosure requirements about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. It also calls for the required information to be provided separately for pension plans and for other postretirement benefit plans. The interim-period disclosures required by this statement are effective for interim periods beginning after December 15, 2003. The company has included the required interim period disclosures in Note 11.

5) Other Comprehensive Income

The company reports changes in equity during a period, except those resulting from investment by owners and distribution to owners, in accordance with SFAS No. 130, "Reporting Comprehensive Income."

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

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-----------------|------------------|-----------------|
| | Jul. 3, 2004 | Jun. 28, 2003 | Jul. 3, 2004 | Jun. 28, 2003 |
| Net earnings | \$ 8,289 | \$ 4,597 | \$ 13,880 | \$ 7,206 |
| Cumulative translation adjustment | (33) | 115 | (12) | 148 |
| Minimum pension Liability | — | — | 10 | — |
| Unrealized gain (loss) on interest rate swap | 276 | (184) | 341 | (282) |
| Comprehensive income | \$ 8,599 | \$ 4,528 | \$ 14,219 | \$ 7,072 |

Accumulated other comprehensive income is comprised of minimum pension liability of \$2.1 million as of July 3, 2004 and January 3, 2004, foreign currency translation adjustments of \$0.1 million as of July 3, 2004 and January 3, 2004, and an unrealized gain on a interest rate swap of \$0.1 million at July 3, 2004 and an unrealized loss of \$0.2 million at January 3, 2004.

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6) Inventories

Inventories are composed of material, labor and overhead and are stated at the lower of cost or market. Costs for inventory at the company's manufacturing facilities in New Hampshire and Vermont, amounting to \$10.6 million and representing approximately 36% of the company's total inventory, have been determined using the last-in, first-out ("LIFO") method. Costs for all other inventory have been determined using the first-in, first-out ("FIFO") method. The company estimates reserves for inventory obsolescence and shrinkage based on its judgment of future realization. Inventories at July 3, 2004 and January 3, 2004 are as follows:

| | Jul. 3, 2004 | Jan. 3, 2004 |
|-------------------------|----------------|--------------|
| | (in thousands) | |
| Raw materials and parts | \$ 6,242 | \$ 3,798 |
| Work-in-process | 4,834 | 5,288 |
| Finished goods | 17,650 | 15,667 |
| | 28,726 | 24,753 |
| LIFO adjustment | 329 | 629 |
| | \$ 29,055 | \$ 25,382 |

7) Accrued Expenses

Accrued expenses consist of the following: (In thousands)

| | Jul. 3, 2004 | Jan. 3, 2004 |
|--|--------------|--------------|
| Accrued warranty | 10,914 | \$ 11,563 |
| Accrued payroll and related expenses | 8,227 | 7,094 |
| Accrued customer rebates | 5,827 | 6,935 |
| Accrued product liability and workers comp | 2,884 | 3,398 |
| Accrued income taxes | 1,454 | 524 |
| Accrued commissions | 1,711 | 1,466 |
| Accrued severance and plant closures | 961 | 1,092 |
| Other accrued expenses | 5,289 | 5,004 |
| | \$ 37,267 | \$ 37,076 |

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8) Warranty Costs

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

A rollforward of the warranty reserve is as follows:

| | Six Months Ended Jul. 3, 2004 | |
|-------------------|----------------------------------|---------|
| | (In thousands) | |
| Beginning balance | \$ | 11,563 |
| Warranty expense | | 4,382 |
| Warranty claims | | (5,031) |
| Ending balance | \$ | 10,914 |

9) Financing Arrangements

| | Jul. 3, 2004 | Jan. 3, 2004 |
|--|----------------|--------------|
| | (in thousands) | |
| Senior secured revolving credit line | \$ 48,315 | \$ 1,500 |
| Senior secured bank term loans | — | 53,000 |
| Notes to Maytag | — | 2,000 |
| Total debt | \$ 48,315 | \$ 56,500 |
| Less: Current maturities of long-term debt | — | 14,500 |
| Long-term debt | \$ 48,315 | \$ 42,000 |

During the second quarter of 2004 the company amended its secured banking facility. Interest costs on borrowings under the amended facility were reduced to reflect improved market conditions and the improved credit profile of the company. Additionally, the company improved its borrowing flexibility under the banking facility by eliminating the term loan component of the facility and replacing it entirely with a \$70.0 million revolving credit line. As of July 3, 2004, the company had borrowings of \$48.3 million under this revolving credit facility. The interest rate on the credit facility may be adjusted quarterly based upon the company's defined indebtedness ratio computed on a rolling four quarter basis. Currently, borrowings under the credit facility are assessed interest at floating rates of 1.25% above LIBOR. At July 3, 2004, this interest rate was 2.53%. A variable commitment fee, based upon the indebtedness ratio is charged on the unused portion of the line of credit. This variable commitment fee amounted to 0.30% as of July 3, 2004.

In January 2002, the company had established an interest rate swap agreement with a notional amount of \$20.0 million. This agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004.

In February 2003, the company entered into another swap agreement with a notional amount of \$10.0 million that swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005.

The terms of the secured credit facility limit the paying of dividends, the incurrence of other debt, and require, among other things, a minimum amount, as defined, of stockholders' equity, and certain ratios of indebtedness and fixed charge coverage. The credit agreement also provides that if a material adverse change in the company's business operations or conditions occurs, the lender could declare an event of default. Under terms of the agreement a material adverse effect is defined as (a) a material adverse change in, or a material adverse effect upon, the business, assets, operations, condition (financial or otherwise) or prospects of the company and its subsidiaries taken as a whole, or (b) a material adverse effect upon any substantial portion of the collateral or upon the legality, validity, binding effect or enforceability against the company of any loan document. A material adverse effect is determined on a subjective basis by the company's creditors. At July 3, 2004, the company was in compliance with all covenants pursuant to its borrowing agreements.

10) Acquisition Integration

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

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

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Reserves for facility closure costs predominately relate to lease obligations for two manufacturing facilities that were exited in 2001 and 2002. During the second quarter of 2001, prior to the acquisition, reserves were established for lease obligations associated with a manufacturing facility in Quakertown, Pennsylvania that was exited when production at this facility was relocated to an existing facility in Bow, New Hampshire. The lease associated with the exited facility extends through December 11, 2014. The facility is currently subleased for a portion of the lease term through July 2006. During the second quarter of 2002, the company exited leased facilities in Shelburne, Vermont in conjunction with the company's manufacturing consolidation initiatives. The lease associated with the exited facility extends through December 11, 2014. This facility has not been subleased although the company is performing an active search for subtenants. Future lease obligations under these facilities amount to approximately \$11.8 million. The remaining reserve balance is reflected net of anticipated sublease income.

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

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

| | Balance Jan. 3, 2004 | Cash Payments | Balance Jul. 3, 2004 |
|---|-------------------------|------------------|-------------------------|
| Severance obligations | \$ 15 | \$ (4) | \$ 11 |
| Facility closure and lease obligations | 8,649 | (532) | 8,117 |
| Total | \$ 8,664 | \$ (536) | \$ 8,128 |

All actions pertaining to the company's integration initiatives have been completed. At this time, management believes the remaining reserve balance is adequate to cover the remaining costs identified at July 3, 2004.

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11) Financial Instruments

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

Foreign Exchange: The company has entered into derivative instruments, principally forward contracts to reduce exposures pertaining to fluctuations in foreign exchange rates. As of July 3, 2004 the company had forward contracts to purchase \$6.0 million U.S. Dollars with various foreign currencies, all of which mature in the next fiscal quarter. The fair value of these forward contracts was less than \$(0.1) million at the end of the quarter.

Interest rate swap: On January 11, 2002, in accordance with the senior bank agreement, the company entered into an interest rate swap agreement with a notional amount of \$20.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004. On June 30, 2002, the company designated this swap as a cash flow hedge. The changes in the fair value of the swap that are effectively hedged are recorded as a component of other comprehensive income, while the ineffective portion of the changes in fair value are recorded in earnings. As of July 3, 2004, the fair value of this instrument was \$(0.2) million. The change in fair value of this swap agreement in the first six months of 2004 was \$(0.3) million and was recorded as a component of other comprehensive income. The ineffective portion of the swap recorded in earnings was not material.

On February 9, 2003 in accordance with the senior bank agreement, the company entered into another interest rate swap agreement with a notional amount of \$10.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005. The company designated the swap as a cash flow hedge at its inception and all changes in the fair value of the swap are recognized in accumulated other comprehensive income. As of July 3, 2004, the fair value of this instrument was less than \$0.1 million. The change in fair value of this swap agreement in the first six months of 2004 was a gain of less than \$0.1 million.

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12) Segment Information

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

The worldwide manufacturing divisions operate through the Cooking Systems Group. This business segment has manufacturing facilities in Illinois, New Hampshire, North Carolina, Vermont and the Philippines. This business segment supports four major product groups, including conveyor oven equipment, core cooking equipment, counterline cooking equipment, and international specialty equipment. Principal product lines of the conveyor oven product group include Middleby Marshall ovens, Blodgett ovens and CTX ovens. Principal product lines of the core cooking equipment product group include the Southbend product line of ranges, steamers, convection ovens, broilers and steam cooking equipment, the Blodgett product lines of ranges, convection and combi ovens, MagiKitch'n charbroilers and catering equipment and the Pitco Frialator product line of fryers. The counterline cooking and warming equipment product group includes toasters, hot food servers, foodwarmers and griddles distributed under the T oastmaster brand name. The international specialty equipment product group is primarily comprised of food preparation tables, undercounter refrigeration systems, ventilation systems and component parts for the U.S. manufacturing operations.

The International Distribution Division provides integrated sales, export management, distribution and installation services through its operations in China, India, Korea, Mexico, Spain, Taiwan and the United Kingdom. The division sells the company's product lines and certain non-competing complementary product lines throughout the world. For a local country distributor or dealer, the company is able to provide a centralized source of foodservice equipment with complete export management and product support services.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The company evaluates individual segment performance based on operating income. Management believes that intersegment sales are made at established arms-length transfer prices.

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Net Sales Summary

| | (dollars in thousands) | | | | | | | |
|------------------------------------|------------------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|
| | Jul. 3, 2004 | | Jun. 28, 2003 | | Jul. 3, 2004 | | Jun. 28, 2003 | |
| | Sales | Percent | Sales | Percent | Sales | Percent | Sales | Percent |
| Business Divisions | | | | | | | | |
| Cooking Systems Group: | | | | | | | | |
| Core cooking equipment | \$ 52,033 | 71.4 | \$ 44,621 | 68.2 | \$ 95,967 | 70.9 | \$ 83,830 | 68.8 |
| Conveyor oven equipment | 14,915 | 20.4 | 12,800 | 19.6 | 26,847 | 19.8 | 24,187 | 19.9 |
| Counterline cooking equipment | 2,475 | 3.4 | 2,477 | 3.8 | 5,079 | 3.7 | 4,887 | 4.0 |
| International specialty equipment | 1,775 | 2.4 | 2,084 | 3.2 | 3,460 | 2.6 | 4,137 | 3.4 |
| Total Cooking Systems Group | 71,198 | 97.6 | 61,982 | 94.8 | 131,353 | 97.0 | 117,041 | 96.1 |
| International Distribution (1) | 10,759 | 14.8 | 11,197 | 17.1 | 20,731 | 15.3 | 20,235 | 16.6 |
| Intercompany sales (2) | (9,044) | (12.4) | (7,771) | (11.9) | (16,708) | (12.3) | (15,475) | (12.7) |
| Total | \$ 72,913 | 100.0 | \$ 65,408 | 100.0 | \$ 135,376 | 100.0 | \$ 121,801 | 100.0 |

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

(2) Represents the elimination of sales amongst the Cooking Systems Group and from the Cooking Systems Group to the International Distribution Division.

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

| | Cooking Systems Group | International Distribution | Corporate and Other(2) | Eliminations(3) | Total |
|----------------------------------|-----------------------------|-------------------------------|------------------------------|-----------------|------------|
| Three months ended July 3, 2004 | | | | | |
| Net sales | \$ 71,198 | \$ 10,759 | \$ — | \$ (9,044) | \$ 72,913 |
| Operating income (loss) | 16,229 | 405 | (1,381) | (600) | 14,653 |
| Depreciation expense | 888 | 38 | (64) | — | 862 |
| Capital expenditures | 240 | 50 | 48 | — | 338 |
| Six months ended July 3, 2004 | | | | | |
| Net sales | \$ 131,353 | \$ 20,731 | \$ — | \$ (16,708) | \$ 135,376 |
| Operating income (loss) | 27,997 | 821 | (3,311) | (750) | 24,757 |
| Depreciation expense | 1,779 | 71 | (129) | — | 1,721 |
| Capital expenditures | 254 | 98 | 57 | — | 409 |
| Total assets | | | | | |
| | 179,182 | 21,864 | 12,745 | (10,982) | 202,809 |
| Long-lived assets(4) | 122,385 | 387 | 3,459 | — | 126,231 |
| Three months ended June 28, 2003 | | | | | |
| Net sales | \$ 61,982 | \$ 11,197 | \$ — | \$ (7,771) | \$ 65,408 |
| Operating income (loss) | 11,599 | 617 | (2,472) | (100) | 9,644 |
| Depreciation expense | 984 | 35 | (59) | — | 960 |
| Capital expenditures | 479 | 11 | 2 | — | 492 |
| Six months ended June 28, 2003 | | | | | |
| Net sales | \$ 117,041 | \$ 20,235 | \$ — | \$ (15,475) | \$ 121,801 |
| Operating income (loss) | 19,854 | 902 | (4,155) | (550) | 16,051 |
| Depreciation expense | 1,934 | 74 | (138) | — | 1,870 |
| Capital expenditures | 704 | (32) | 2 | — | 674 |
| Total assets | | | | | |
| | 185,774 | 22,728 | 6,432 | (10,982) | 203,952 |
| Long-lived assets (4) | 125,497 | 355 | 3,167 | — | 129,019 |

- (1) Non-operating expenses are not allocated to the operating segments. Non-operating expenses consist of interest expense and deferred financing amortization, gains and losses on acquisition financing derivatives, and other income and expenses items outside of income from operations.
- (2) Includes corporate and other general company assets and operations.
- (3) Includes elimination of intercompany sales, profit in inventory and intercompany receivables. Intercompany sale transactions are predominantly from the Cooking Systems Group to the International Distribution Division.
- (4) Long-lived assets of the Cooking Systems Group includes assets located in the Philippines which amounted to \$2,283 and \$2,500 in 2004 and 2003, respectively.

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

| | Three Months Ended | | Six Months Ended | |
|--------------------------|--------------------|------------------|-------------------|-------------------|
| | Jul. 3, 2004 | Jun. 28, 2003 | Jul. 3, 2004 | Jun. 28, 2003 |
| United States and Canada | \$ 61,044 | \$ 53,017 | \$ 112,256 | \$ 99,242 |
| Asia | 4,520 | 5,547 | 8,588 | 9,366 |
| Europe and Middle East | 5,317 | 5,381 | 10,955 | 10,545 |
| Latin America | 2,032 | 1,463 | 3,577 | 2,648 |
| Net Sales | \$ 72,913 | \$ 65,408 | \$ 135,376 | \$ 121,801 |

13) Employee Benefit Plans

The company maintains a non-contributory defined benefit plan for its union employees at the Elgin, Illinois facility. Benefits are determined based upon retirement age and years of service with the company. This defined benefit plan was frozen on April 30, 2002 and no further benefits accrue to the participants beyond this date. Plan participants will receive or continue to receive payments for benefits earned on or prior to April 30, 2002 upon reaching retirement age. The employees participating in the defined benefit plan were enrolled in a newly established 401K savings plan on July 1, 2002. The defined benefit plan continues to be funded in accordance with provisions of the Employee Retirement Income Security Act of 1974. Company funding contributions amounted to \$280,000 in fiscal 2003 and \$377,000 in fiscal 2002. The anticipated minimum funding requirement for fiscal 2004 is approximately \$284,545 of which \$108,254 was funded during the first six months of 2004.

The company also maintains a retirement benefit agreement with its Chairman. The retirement benefits are based upon a percentage of the Chairman's final base salary. Additionally, the company maintains a retirement plan for non-employee directors. The plan provides for an annual benefit upon a change in control of the company or retirement from the Board of Directors at age 70, equal to 100% of the director's last annual retainer, payable for a number of years equal to the director's years of service up to a maximum of 10 years. Company funding contributions are made at the discretion of the board of directors in consideration of the plan requirements and company's cash flows. Funding contributions amounted to \$1,007,000 in fiscal 2003 and \$16,000 in fiscal 2002. Funding in the first six months of 2004 amounted to \$1,550,000.

The net pension expense for the first six months of 2004 for these plans were as follows:

| | Union Plan | Directors Plans |
|---------------------------------|------------------|--------------------|
| Service cost | \$ — | \$ 143,394 |
| Interest on benefit obligations | 121,633 | 170,258 |
| Return on assets | (140,317) | — |
| Net amortization and deferral | 65,912 | 200,296 |
| Net pension expense | \$ 47,228 | \$ 513,948 |

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

Restatement

As discussed in Note 2 to the condensed consolidated financial statements, the company's June 28, 2003 financial statements have been restated. The effects of the restatements have been reflected in the accompanying management 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, volatility in earnings resulting from goodwill impairment losses which may occur irregularly and in varying amounts; variability in financing costs; quarterly variations in operating results; dependence on key customers; international exposure; foreign exchange and political risks affecting international sales; changing market conditions; the impact of competitive products and pricing; the timely development and market acceptance of the company's products; the availability and cost of raw materials; and other risks detailed herein and from time-to-time in the company's SEC filings, including the 2003 report on Form 10-K/A (Amendment No. 2).

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Net Sales Summary

| (dollars in thousands) | | | | | | | |
|------------------------|---------|---------------|---------|--------------|---------|---------------|---------|
| Jul. 3, 2004 | | Jun. 28, 2003 | | Jul. 3, 2004 | | Jun. 28, 2003 | |
| Sales | Percent | Sales | Percent | Sales | Percent | Sales | Percent |
| | | | | | | | |

Business Divisions

Cooking Systems Group:

| | | | | | | | | |
|------------------------------------|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|
| Core cooking equipment | \$ 52,033 | 71.4 | \$ 44,621 | 68.2 | \$ 95,967 | 70.9 | \$ 83,830 | 68.8 |
| Conveyor oven equipment | 14,915 | 20.4 | 12,800 | 19.6 | 26,847 | 19.8 | 24,187 | 19.9 |
| Counterline cooking equipment | 2,475 | 3.4 | 2,477 | 3.8 | 5,079 | 3.7 | 4,887 | 4.0 |
| International specialty equipment | 1,775 | 2.4 | 2,084 | 3.2 | 3,460 | 2.6 | 4,137 | 3.4 |
| Total Cooking Systems Group | 71,198 | 97.6 | 61,982 | 94.8 | 131,353 | 97.0 | 117,041 | 96.1 |
| International Distribution (1) | 10,759 | 14.8 | 11,197 | 17.1 | 20,731 | 15.3 | 20,235 | 16.6 |
| Intercompany sales (2) | (9,044) | (12.4) | (7,771) | (11.9) | (16,708) | (12.3) | (15,475) | (12.7) |
| Total | \$ 72,913 | 100.0 | \$ 65,408 | 100.0 | \$ 135,376 | 100.0 | \$ 121,801 | 100.0 |

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

(2) Represents the elimination of sales amongst the Cooking Systems Group and from the Cooking Systems Group to the International Distribution Division.

Results of Operations

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

| | Three months ended | | Six months ended | |
|---|--------------------|---------------|------------------|---------------|
| | Jul. 3, 2004 | Jun. 28, 2003 | Jul. 3, 2004 | Jun. 28, 2003 |
| Net sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of sales | 60.5 | 65.4 | 61.6 | 65.8 |
| Gross profit | 39.5 | 34.6 | 38.4 | 34.2 |
| Selling, general and administrative expenses | 19.4 | 19.9 | 20.1 | 21.0 |
| Income from operations | 20.1 | 14.7 | 18.3 | 13.2 |
| Interest expense and deferred financing amortization, net | 1.1 | 2.5 | 1.2 | 2.8 |
| Loss (gain) on acquisition financings derivatives | — | (0.1) | — | (0.1) |
| Other expense, net | 0.1 | 0.2 | 0.2 | 0.2 |
| Earnings before income taxes | 18.9 | 12.1 | 16.9 | 10.3 |
| Provision for income taxes | 7.5 | 5.1 | 6.6 | 4.4 |
| Net earnings | 11.4% | 7.0% | 10.3% | 5.9% |

Three Months Ended July 3, 2004 Compared to Three Months Ended June 28, 2003

NET SALES. Net sales for the second quarter of fiscal 2004 were \$72.9 million as compared to \$65.4 million in the second quarter of 2003.

Net sales at the Cooking Systems Group amounted to \$71.2 million in the second quarter of 2004 as compared to \$62.0 million in the prior year quarter.

- Core cooking equipment sales increased by \$7.4 million to \$52.0 million from \$44.6 million, primarily due to increased convection oven, fryer and cooking range sales resulting from new product introductions and improved market conditions.
- Conveyor oven equipment sales increased \$2.1 million to \$14.9 million from \$12.8 million in the prior year quarter, reflecting an increase in sales of ovens replacing older equipment and higher parts sales.
- Counterline cooking equipment sales remained consistent at \$2.5 million.

- International specialty equipment sales decreased to \$1.8 million compared to \$2.1 million in the prior year quarter due to lower purchases from Philippine restaurant chains.

Net sales at the International Distribution Division decreased by \$0.4 million to \$10.8 million, driven by reduced sales into Asia offset in part by increased sales in Latin America. Sales into Asia were impacted by the timing of store openings by major chain customers.

GROSS PROFIT. Gross profit increased to \$28.8 million from \$22.7 million in the prior year period, reflecting the impact of higher sales volumes. The gross margin rate was 39.5% in the quarter as compared to 34.6% in the prior year quarter. The increase in the overall gross margin rate is largely attributable to:

- Increased sales volumes that benefited manufacturing efficiencies and provided for greater leverage of fixed manufacturing costs.
- Improved sales mix of products driven by higher margins on newly introduced products which generally are more cost efficient to manufacture due to standardization of product platforms and improvement in product design resulting in lower warranty costs.

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SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Combined selling, general, and administrative expenses increased from \$13.0 million in the second quarter of 2003 to \$14.1 million in the second quarter of 2004. As a percentage of net sales operating expenses amounted to 19.4% in the second quarter of 2004 versus 19.9% in the second quarter of 2003 reflecting greater leverage on higher sales volumes. Selling expenses increased from \$7.8 million to \$8.3 million, reflecting higher commission costs associated with the increased sales volumes. General and administrative expenses increased from \$5.2 to \$5.8 million due to higher incentive compensation and general corporate administrative costs.

NON-OPERATING EXPENSES. Interest and deferred financing amortization costs decreased to \$0.8 million from \$1.6 million in the prior year as a result of lower debt balances and lower average interest rates. Other expense was \$0.1 million in the current year compared to \$0.1 million in the prior year and primarily consists of foreign exchange losses.

INCOME TAXES. A tax provision of \$5.5 million, at an effective rate of 40%, was recorded during the quarter as compared to a \$3.3 million provision at a 42% effective rate in the prior year quarter. The prior year quarter included higher provisions for state tax assessments.

Six Months Ended July 3, 2004 Compared to Six Months Ended June 28, 2003

NET SALES. Net sales for the six-month period ended July 3, 2004 were \$135.4 million as compared to \$121.8 million in the six-month period ended June 28, 2003.

Net sales at the Cooking Systems Group amounted to \$131.4 million in the six-month period ended July 3, 2004 as compared to \$117.0 million in the prior year six-month period.

- Core cooking equipment sales increased by \$12.2 million to \$96.0 million from \$83.8 million, primarily due to increased convection oven, fryer and cooking range sales resulting from new product introductions and improved market conditions.
- Conveyor oven equipment sales increased \$2.6 million to \$26.8 million from \$24.2 million in the prior year six-month period. The increase in sales reflects higher equipment sales to U.S. chain customers expanding internationally and increased sales of service parts.
- Counterline cooking equipment increased to \$5.1 million from \$4.9 million in the prior year period.
- International specialty equipment sales decreased to \$3.5 million compared to \$4.1 million in the prior year quarter due to lower purchases from Philippine restaurant chains.

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Net sales at the International Distribution Division increased by \$0.5 million to \$20.7 million, driven by increased sales into Latin America and Europe, offset as part by lower sales into Asia.

GROSS PROFIT. Gross profit increased to \$52.0 million from \$41.7 million in the prior year period, reflecting the impact of higher sales volumes. The gross margin rate was 38.4% in the six-month period as compared to 34.2% in the prior year period. The increase in the overall gross margin rate is largely attributable to:

- Increased sales volumes that benefited manufacturing efficiencies and provided for greater leverage of fixed manufacturing costs.
- Improved sales mix of products driven by higher margins on newly introduced products which tend to be more cost efficient to manufacture due to standardization of product platforms and improvement in product design resulting in lower warranty costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Combined selling, general, and administrative expenses increased from \$25.7 million in the six-month period ended June 28, 2003 to \$27.2 million in the six-month period ended July 3, 2004. As a percentage of net sales operating expenses amounted to 20.1% in the six-month period ended July 3, 2004 versus 21.0% in the six-month period ended June 28, 2003 reflecting greater leverage on higher sales volumes. Selling expenses increased from \$14.9 million to \$15.7 million, reflecting higher commissions cost associated with the increased sales volumes. General and administrative expenses increased from \$10.7 million to \$11.5 million due to higher incentive compensation and general corporate administrative costs.

NON-OPERATING EXPENSES. Interest and deferred financing amortization costs decreased to \$1.7 million from \$3.3 million in the prior year as a result of lower debt balances and lower average interest rates. Other expense of \$0.3 million remained relatively consistent with the prior year and primarily consists of foreign exchange losses.

INCOME TAXES. A tax provision of \$8.9 million, at an effective rate of 39%, was recorded for the first six months of 2004 as compared to a \$5.3 million provision at a 43% effective rate in the prior year quarter. The prior year quarter included higher provisions for state tax assessments.

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Financial Condition and Liquidity

During the six months ended July 3, 2004, cash and cash equivalents decreased by \$0.7 million to \$3.0 million at July 3, 2004 from \$3.7 million at January 3, 2004. Net borrowings decreased from \$56.5 million at January 3, 2004 to \$48.3 million at July 3, 2004.

OPERATING ACTIVITIES. Net cash provided by operating activities after changes in assets and liabilities was \$7.7 million as compared to \$3.6 million in the prior year period. During the six months ended July 3, 2004, working capital levels increased due to the higher sales volumes and increased seasonal working capital needs, which historically peak in the second quarter. The changes in working capital included a \$7.3 million increase in accounts receivable, a \$3.7 million increase in inventory and a \$3.4 million increase in accounts payable. Accrued expenses and other liabilities decreased \$1.1 million primarily as a result of the payment of annual rebate programs related to fiscal 2003 and lower warranty accruals.

INVESTING ACTIVITIES. During the six months ending July 3 2004, net cash used in investing activities was \$2.4 million. This included \$0.4 million of property additions and \$2.0 in repayments of principal associated with seller notes due to Maytag related to the 2001 Blodgett acquisition.

FINANCING ACTIVITIES. Net cash flows used in financing activities were \$6.0 million during the six months ending July 3, 2004. During the second quarter the company amending its secured banking facility to reduce interest costs on borrowings under the facility to reflect improved market conditions and the improved credit profile of the company. Additionally, the company improved its borrowing flexibility under the banking facility by eliminating the term loan component of the facility and replacing it entirely with a \$70.0 million revolving credit line. As a result, the company repaid \$53.0 million in secured bank notes during the first six months of 2004 and utilized proceeds of \$46.8 million from borrowings under the revolving credit facility during the first six months of 2004 to fund the term loan repayment. During the first six months of 2004 total borrowings under the secured credit facility were reduced by \$6.2 million from \$54.5 million at January 3, 2004 to \$48.3 million at July 3, 2004.

At July 3, 2004, the company was in compliance with all covenants pursuant to its borrowing agreements. Management believes that future cash flows from operating activities and borrowing availability under the revolving credit facility will provide the company with sufficient financial resources to meet its anticipated requirements for working capital, capital expenditures and debt amortization for the foreseeable future.

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New Accounting Pronouncements

In December 2003, the Financial Accounting Standards Board ("FASB") issued a revision to Statement of Financial Accounting Standards ("SFAS") No. 132 "Employers' Disclosure about Pensions and Other Postretirement Benefits." This statement retains the disclosures previously required by SFAS No. 132 but adds additional disclosure requirements about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. It also calls for the required information to be provided separately for pension plans and for other postretirement benefit plans. The interim-period disclosures required by this statement are effective for interim periods beginning after December 15, 2003. The company has included the required interim period disclosures in footnote 11.

Critical Accounting Policies and Estimates

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

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

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

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

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

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

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

Contractual Obligations

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

| | Long-term Debt | Operating Leases | Idle Facility Leases | Total Contractual Cash Obligations |
|------------------|-------------------|---------------------|----------------------------|---|
| Less than 1 year | \$ — | \$ 691 | \$ 1,130 | \$ 1,821 |
| 1-3 years | — | 976 | 2,182 | 3,158 |
| 4-5 years | 48,315 | 433 | 2,330 | 51,078 |
| After 5 years | — | 59 | 6,119 | 6,178 |
| | \$ 48,315 | \$ 2,159 | \$ 11,761 | \$ 62,235 |

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

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The company maintains a non-contributory defined benefit plan for its union employees at the Elgin, Illinois facility. Benefits are determined based upon retirement age and years of service with the company. This defined benefit plan was frozen on April 30, 2002 and no further benefits accrue to the participants beyond this date. Plan participants will receive or continue to receive payments for benefits earned on or prior to April 30, 2002 upon reaching retirement age. The employees participating in the defined benefit plan were enrolled in a newly established 401K savings plan on July 1, 2002. As of January 3, 2004, the unfunded benefit obligation under the pension plan was \$0.7 million. The defined benefit plan continues to be funded in accordance with provisions of the Employee Retirement Income Security Act of 1974. Company funding contributions amounted to \$280,000 in fiscal 2003 and \$377,000 in fiscal 2002. The anticipated minimum funding requirement for fiscal 2004 is approximately \$284,545 of which \$108,254 was funded during the first six months of 2004.

The company also maintains a retirement benefit agreement with its Chairman. The retirement benefits are based upon a percentage of the Chairman's final base salary. Additionally, the company maintains a retirement plan for non-employee directors. The plan provides for an annual benefit upon a change in control of the company or retirement from the Board of Directors at age 70, equal to 100% of the director's last annual retainer, payable for a number of years equal to the director's years of service up to a maximum of 10 years. As of January 3, 2004, the unfunded benefit obligation under these plans amounted to \$3.4 million. Company funding contributions are made at the discretion of the board of directors in consideration of the plan requirements and company's cash flows. Funding contributions amounted to \$1,007,000 in fiscal 2003 and \$16,000 in fiscal 2002. Funding in the first six months of 2004 amounted to \$1,550,000.

The company has \$1.5 million in outstanding letters of credit, which expire on March 30, 2005 with an automatic one-year renewal, to secure potential obligations under insurance programs.

The company places purchase orders with its suppliers in the ordinary course of business. These purchase orders are generally to fulfill short-term manufacturing requirements of less than 90 days and most are cancelable with a restocking penalty. The company has no long-term purchase contracts or minimum purchase obligations with any supplier.

The company has no activities, obligations or exposures associated with off-balance sheet arrangements.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The company is exposed to market risk related to changes in interest rates. The following table summarizes the maturity of the company's debt obligations.

| Twelve Month Period Ending | Fixed Rate Debt | Variable Rate Debt |
|-------------------------------|-----------------------|--------------------------|
| | (In thousands) | |
| June 30, 2005 | \$ — | \$ — |
| June 30, 2006 | — | — |
| June 30, 2007 | — | — |
| June 30, 2008 | — | — |
| June 30, 2009 | — | 48,315 |
| | \$ — | \$ 48,315 |

The company maintains a \$70.0 million revolving credit facility under a secured credit agreement. As of July 3, 2004, the company had borrowings of \$48.3 million under this facility. The interest rate on the credit facility may be adjusted quarterly based upon the company's defined indebtedness ratio computed on a rolling four quarter basis. Currently, borrowings under the credit facility are assessed interest at floating rates of 1.25% above LIBOR. At July 3, 2004, this interest rate was 2.53%. A variable commitment fee, based upon the indebtedness ratio is charged on the unused portion of the line of credit. This variable commitment fee amounted to 0.30% as of July 3, 2004.

In January 2002, the company had established an interest rate swap agreement with a notional amount of \$20.0 million. This agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004.

In February 2003, the company entered into another swap agreement with a notional amount of \$10.0 million that swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005.

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The terms of the secured credit facility limit the paying of dividends, the incurrence of other debt, and require, among other things, a minimum amount, as defined, of stockholders' equity, and certain ratios of indebtedness and fixed charge coverage. The credit agreement also provides that if a material adverse change in the company's business operations or conditions occurs, the lender could declare an event of default. Under terms of the agreement a material adverse effect is defined as (a) a material adverse change in, or a material adverse effect upon, the business, assets, operations, condition (financial or otherwise) or prospects of the company and its subsidiaries taken as a whole, or (b) a material adverse effect upon any substantial portion of the collateral or upon the legality, validity, binding effect or enforceability against the company of any loan document. A material adverse effect is determined on a subjective basis by the company's creditors. At July 3, 2004, the company was in compliance with all covenants pursuant to its borrowing agreements.

Financing Derivative Instruments

On January 11, 2002 the company entered into an interest rate swap agreement with a notional amount of \$20.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004. On June 30, 2002, the company designated this swap as a cash flow hedge. The changes in the fair value of the swap that are effectively hedged are recorded as a component of other comprehensive income, while the ineffective portion of the changes in fair value are recorded in earnings. As of July 3, 2004, the fair value of this instrument was \$(0.2) million. The change in fair value of this swap agreement in the first six months of 2004 was \$(0.3) million and was recorded as a component of other comprehensive income. The ineffective portion of the swap recorded in earnings was not material.

" —>

On February 9, 2003 the company entered into another interest rate swap agreement with a notional amount of \$10.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005. The company designated the swap as a cash flow hedge at its inception and all changes in the fair value of the swap are recognized in accumulated other comprehensive income. As of July 3, 2004, the fair value of this instrument was less than \$0.1 million. The change in fair value of this swap agreement in the first six months of 2004 was a gain of less than \$0.1 million.

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Foreign Exchange Derivative Financial Instruments

The company uses foreign currency forward purchase and sale contracts with terms of less than one year, to hedge its exposure to changes in foreign currency exchange rates. The company's primary hedging activities are to mitigate its exposure to changes in exchange rates on intercompany and third party trade receivables and payables. The company does not currently enter into derivative financial instruments for speculative purposes. In managing its foreign currency exposures, the company identifies and aggregates naturally occurring offsetting positions and then hedges residual balance sheet exposures. The following table summarizes the forward and option purchase contracts outstanding at July 3, 2004, the fair value of these forward contracts were approximately \$(0.1) million at the end of the quarter:

| | <u>Sell</u> | <u>Purchase</u> | <u>Maturity</u> |
|--|---------------------------|--------------------------|-----------------|
| | 1,400,000 Euro | \$1,693,000 U.S. Dollars | July 21, 2004 |
| | 1,000,000 British Pounds | \$1,830,000 U.S. Dollars | July 21, 2004 |
| | 12,700,000 Mexican Pesos | \$1,115,100 U.S. Dollars | July 21, 2004 |
| | 17,250,000 Taiwan Dollars | \$510,400 U.S. Dollars | July 21, 2004 |
| | 1,000,000,000 Korean Won | \$860,600 U.S. Dollars | July 21, 2004 |

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Item 4. Controls and Procedures

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

As of July 3, 2004, the company carried out an evaluation, under the supervision and with the participation of the company's management, including the company's Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures. Based on the foregoing, the company's Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer concluded that the company's disclosure controls and procedures were effective as of the end of this period.

During the quarter ended July 3, 2004, there have been no significant changes in the company's internal controls over financial reporting or in other factors that could significantly affect the internal controls subsequent to the date the company completed its evaluation.

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PART II. OTHER INFORMATION

The company was not required to report the information pursuant to Items 1 through 6 of Part II of Form 10-Q for the three months ended July 3, 2004, except as follows:

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

- c) During the second quarter of fiscal 2004, the company issued 16,850 shares of the company's common stock to division executives and 2,000 shares to executive officers pursuant to the exercise of stock options, for \$111,831.00 and \$9,000.00, respectively. Such options were granted at exercise prices from \$4.50 to \$18.47 and \$4.50 per share, respectively. As certificates for the shares were legended and stop transfer instructions were given to the transfer agent, the issuance of such shares was exempt under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof, as transactions by an issuer not involving a public offering.

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

On May 19, 2004, the company held its 2004 Annual Meeting of Stockholders. The following persons were elected as directors to hold office until the 2005 Annual Meeting of Stockholders: Selim A. Bassoul, Robert R. Henry, A. Don Lummus, John R. Miller III, Philip G. Putnam, David P. Riley, Sabin C. Streeter, Laura B. Whitman, William F. Whitman, Jr., W. Fifield Whitman III and Robert L. Yohe. The number of shares cast for, withheld and abstained with respect to each of the nominees were as follows:

| <u>Nominee</u> | <u>For</u> | <u>Withheld</u> | <u>Abstained</u> |
|------------------|------------|-----------------|------------------|
| Bassoul | 6,757,031 | 1,895,522 | 0 |
| Henry | 8,420,637 | 231,916 | 0 |
| Lummus | 8,403,488 | 249,065 | 0 |
| Miller | 8,354,332 | 298,041 | 0 |
| Putnam | 8,403,938 | 248,615 | 0 |
| Riley | 6,769,942 | 1,882,611 | 0 |
| Streeter | 8,411,488 | 241,065 | 0 |
| Whitman, L | 6,716,358 | 1,936,195 | 0 |
| Whitman, W., Jr | 6,718,872 | 1,933,681 | 0 |
| Whitman, W., III | 6,755,831 | 1,896,722 | 0 |
| Yohe | 8,420,037 | 232,516 | 0 |

The stockholders voted to approve the ratification of the selection of Deloitte and Touche LLP as independent auditors for the company for the fiscal year ending January 1, 2005. 8,517,201 shares were cast for such election, 109,503 shares were cast against such election, and 25,849 shares abstained.

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Item 6. Exhibits and Reports on Form 8-K

- a) Exhibits – The following Exhibits are filed herewith:

Exhibit 10(A) — Amendment No. 3 to Employment Agreement of Selim A. Bassoul, dated May 27, 2004.

Exhibit 31.1 – Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 – Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.3 – Rule 13a-14(a)/15d-14 Certification of the Chief Administrative Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 — Certification by the Principal Executive Officer of The Middleby Corporation Pursuant to Rule 13A-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002(18 U.S.C. 1350).

Exhibit 32.2 — Certification by the Principal Financial Officer of The Middleby Corporation Pursuant to Rule 13A-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002(18 U.S.C. 1350).

Exhibit 32.3 — Certification by the Principal Administrative Officer of The Middleby Corporation Pursuant to Rule 13A-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002(18 U.S.C. 1350).

b) Reports on Form 8-K

On May 21, 2004 (date of earliest event reported was February 21, 2004), the company furnished a report on Form 8-K, in response to Item 5, Other Events and Regulation FD Disclosure and Item 7, Financial Statements and Exhibits, announcing the company's debt refinancing agreement and the payment of a \$0.40 special dividend.

On July 23, 2004 (date of earliest event reported was July 23, 2004), the company furnished a report on Form 8-K, in response to Item 7, Financial Statements and Exhibits and Item 9, Regulation FD Disclosure, announcing the company's fiscal second quarter 2004 results.

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SIGNATURE

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

THE MIDDLEBY CORPORATION

(Registrant)

Date August 17, 2004

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

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AMENDMENT NO. 3
TO
EMPLOYMENT AGREEMENT OF SELIM A. BASSOUL

This Amendment No. 3 is made this 27th day of May, 2004, by and among THE MIDDLEBY CORPORATION, a Delaware corporation ("TMC"), MIDDLEBY MARSHALL INC., a Delaware corporation, (collectively the "Employer") and SELIM A. BASSOUL ("Employee").

RECITALS

A. Employer and Employee are parties to that certain Employment Agreement dated as of May 16, 2002, and as amended from time to time thereafter (the "Employment Agreement").

B. Employer and Employee wish to amend the Employment Agreement to make certain changes to Employee's compensation.

AGREEMENT

NOW THEREFORE the parties agree as follows:

1. Section 4 of the Employment Agreement is hereby amended by adding to the end thereof the following new subsection (f):

"(f) 2005 Bonus. Notwithstanding anything contained in this Agreement to the contrary, in the event that for any reason whatsoever other than (i) termination of Employee's employment for "Cause", as defined below, or (ii) voluntary resignation by Employee prior to January 4, 2005, Employer does not offer, on or before February 1, 2005, to extend the term of this Agreement, or that an extension is offered and Employee does not accept such offer on or before February 1, 2005, then, in addition to all other amounts payable to Employee hereunder, Employer shall pay to Employee, not later than February 15, 2005, the sum of \$1,100,000.

2. This Amendment No. 3 is effective as of the date hereof.

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

THE MIDDLEBY CORPORATION
AND
MIDDLEBY MARSHALL INC.

SELIM A. BASSOUL

By: /s/ William F. Whitman, Jr.

Chairman of the Board

/s/ Selim A. Bassoul

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

CERTIFICATIONS

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

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

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

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

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

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

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

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

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

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

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

Date: August 17, 2004

/s/ Selim A. Bassoul

Selim A. Bassoul

President and Chief Executive Officer of The Middleby Corporation

CERTIFICATIONS

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

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

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

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

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

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

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

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

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

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

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

Date: August 17, 2004

/s/ Timothy J. FitzGerald

Timothy J. FitzGerald
Chief Financial Officer of The Middleby Corporation

CERTIFICATIONS

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

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

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

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

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

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

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

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

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

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

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

Date: August 17, 2004

/s/ David B. Baker

David B. Baker
Chief Administrative Officer of The Middleby Corporation

CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER OF
THE MIDDLEBY CORPORATION
PURSUANT TO RULE 13A-14(b) UNDER THE EXCHANGE ACT AND
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

This certification is being furnished pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

I, Selim A. Bassoul, President and Chief Executive Officer (principal executive officer) of The Middleby Corporation (the "Registrant"), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended July 3, 2004 of the Registrant (the "Report"), that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of the Registrant.

Date: August 17, 2004

/s/ Selim A. Bassoul

Selim A. Bassoul

CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER OF
THE MIDDLEBY CORPORATION
PURSUANT TO RULE 13A-14(b) UNDER THE EXCHANGE ACT AND
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

This certification is being furnished pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

I, Timothy J. FutzGerald, Vice President and Chief Financial Officer (principal financial officer) of The Middleby Corporation (the "Registrant"), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended July 3, 2004 of the Registrant (the "Report"), that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of the Registrant.

Date: August 17, 2004

/s/ Timothy J. FitzGerald

Timothy J. FitzGerald

CERTIFICATION BY THE PRINCIPAL ADMINISTRATIVE OFFICER OF
THE MIDDLEBY CORPORATION
PURSUANT TO RULE 13A-14(b) UNDER THE EXCHANGE ACT AND
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

This certification is being furnished pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

I, David B. Baker, Vice President, Chief Administrative Officer and Secretary (principal administrative officer) of The Middleby Corporation (the "Registrant"), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended July 3, 2004 of the Registrant (the "Report"), that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of the Registrant.

Date: August 17, 2004

/s/ David B. Baker

David B. Baker