MIDDLEBY CORP
Form DEF 14A
April 01, 2011

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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ý Definitive Proxy Statement

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THE MIDDLEBY CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

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(4) Date Filed:

1400 Toastmaster Drive
Elgin, Illinois 60120

April 1, 2011

Dear Stockholder:

You are hereby notified that the Annual Meeting of Stockholders (the "Meeting") of The Middleby Corporation (the "Company") will be held at the Company's principal executive offices located at 1400 Toastmaster Drive, Elgin, Illinois 60120 at 10:30 a.m., local time, on Wednesday May 11, 2011, for the following purposes:

(1) To elect seven directors to hold office until the 2012 Annual Meeting.

(2) To approve the adoption of the Company's 2011 Long-Term Incentive Plan.

(3) To approve the adoption of the Company's Value Creation Incentive Plan.

(4) To hold an advisory vote on executive compensation.

(5) To hold an advisory vote on the frequency of holding an advisory vote on executive compensation.

(6) To consider and act on a proposal to ratify the selection of Deloitte & Touche LLP as independent public accountants of the Company for the current fiscal year ending December 31, 2011.

(7) To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 18, 2011 as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting.

The Securities and Exchange Commission has adopted rules for the electronic distribution of proxy materials. We have elected to provide access to our proxy materials and 2010 Annual Report on the Internet instead of sending a full set of printed proxy materials. We believe that this process will provide you with prompt access to our proxy materials, lower our costs of printing and delivering proxy materials, and minimize the environmental impact of printing paper copies. You should have already received the Notice of Internet Availability of Proxy Materials with instructions on how to access the proxy materials and vote. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials set forth on the Notice of Internet Availability of Proxy Materials.

You are invited to attend the Meeting in person. If you attend the Meeting in person, you may vote your shares by bringing valid photo identification and delivering your completed proxy card or ballot at the Meeting. Please note that if you hold your shares through a bank, broker or other nominee, you must also bring a form of legal proxy, which you must request from such nominee, in order to vote at the Meeting.

Your vote is important to us. Whether or not you plan to attend the Meeting in person, we urge you to return your proxy promptly in accordance with the following instructions. If you own shares in your own name, you may vote in one of the following ways: (i) visit the website shown on your Notice of Internet Availability of Proxy Materials or proxy card to vote electronically via the Internet, (ii) by telephone, pursuant to the instructions on the proxy card or (iii) if you requested printed proxy materials, by signing and returning the proxy card using the postage-paid envelope provided.

Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability of Proxy Materials. Any Notices of Internet Availability of Proxy Materials that are returned will not be counted. If you own shares through a bank, broker or other nominee, please execute your vote by following the instructions provided by such nominee.

By Order of the Board of Directors

MARTIN M. LINDSAY
Treasurer

1400 Toastmaster Drive
Elgin, Illinois 60120

2011 ANNUAL MEETING OF STOCKHOLDERS

May 11, 2011
PROXY STATEMENT

GENERAL

This Proxy Statement and the accompanying proxy are furnished to stockholders of The Middleby Corporation (the "Company") in connection with the solicitation of proxies by the Company's Board of Directors (the "Board") for use at the 2011 Annual Meeting of Stockholders (the "Meeting") to be held at the Company's principal executive offices located at 1400 Toastmaster Drive, Elgin, Illinois 60120, at 10:30 a.m., local time, on Wednesday, May 11, 2011, for the purposes set forth in the accompanying Notice of Meeting. The Notice of Internet Availability of Proxy Materials, the Proxy Statement and related materials included herewith, and the Company's Annual Report to Stockholders for the fiscal year ended January 1, 2011 are being distributed or made available to stockholders on or about April 1, 2011.

Stockholders of record at the close of business on March 18, 2011 (the "Record Date") are entitled to notice of and to vote at the Meeting. On such date there were 18,460,301 outstanding shares of common stock, par value $0.01 per share, of the Company ("Common Stock"). In deciding all questions, each holder of Common Stock will be entitled to one vote, in person or by proxy, for each share held on the Record Date.

Stockholders who are entitled to vote at the Meeting may vote by proxy pursuant to the following methods: (i) stockholders who own shares in their own name may vote in person at the Meeting by bringing valid photo identification and delivering their proxy card or ballot at the Meeting, or by mail, telephone, pursuant to the instructions on the proxy card or electronically via the Internet, pursuant to the instructions on the Notice of Internet Availability of Proxy Materials or (ii) stockholders who own shares through a bank, broker or other nominee should follow the instructions provided by such nominee.

The election inspectors appointed for the Meeting will determine the presence of a quorum and tabulate the votes cast by proxy or in person at the Meeting. The presence, in person or represented by proxy, of the holders of a majority of the shares of Common Stock outstanding and entitled to vote at the Meeting is necessary to constitute a quorum. A quorum is necessary for the transaction of business at the Meeting. Abstentions and broker non-votes will be included in determining the presence or absence of a quorum. Generally, broker non-votes occur on a proposal when a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter or when a broker has such discretionary authority but does not exercise such discretion.

The seven nominees for election to the Board who receive the greatest number of votes cast for the election of directors by the shares present, in person or represented by proxy, will be elected to the Board. For the election of directors, abstentions and broker non-votes will have the effect of neither a vote FOR nor a vote AGAINST the nominee and thus will have no effect on the outcome of the vote.

With respect to the non-binding advisory vote on the frequency of holding future advisory votes on executive compensation, the stockholder may vote "1 year," "2 years," "3 years" or "abstain." Abstentions and broker non-votes will have no effect on the outcome of the non-binding advisory vote. The number of years for the frequency of future advisory votes on executive compensation that receives the highest number of votes will be the non-binding advisory frequency that stockholders approve.

Approval of the proposal to ratify the Company's appointment of independent public accountants requires the vote of a majority of the votes cast at the Meeting by holders of shares present in person or represented by proxy and entitled to vote at the Meeting. Approval of the non-binding advisory vote on executive compensation, the Company's 2011 Long-Term Incentive Plan and the Company's Value Creation Incentive Plan require the vote of a majority of the votes cast at the Meeting by holders of shares present in person or represented by proxy and entitled to vote at the Meeting. For purposes of these proposals, abstentions will be treated as a vote AGAINST approval and broker non-votes will not be counted as a vote cast either FOR or AGAINST approval of such proposal, and therefore will not have an effect on the outcome of the vote.

Properly executed proxies will be voted in the manner directed by the stockholders. If no direction is made, such proxies will be voted as follows:

"Proposal No. 1 Election of Directors"; FOR the election of each of the named nominees as a director of the Company;

"Proposal No. 2 Approval of Adoption of the 2011 Long-Term Incentive Plan"; FOR the approval of the adoption of the Company's 2011 Long-Term Incentive Plan;

"Proposal No. 3 Approval of Adoption of the Value Creation Incentive Plan"; FOR the approval of the adoption of the Company's Value Creation Incentive Plan;

"Proposal No. 4 Advisory Vote on Executive Compensation"; FOR the approval, by an advisory vote, of the 2010 compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission ("SEC");

"Proposal No. 5 Advisory Vote on Frequency of Holding an Advisory Vote on Executive Compensation": FOR the selection, by an advisory vote, of holding an advisory vote on executive compensation every three years; and

"Proposal No. 6 Ratification of Selection of Independent Public Accountants"; FOR the ratification of the selection of Deloitte & Touche LLP as the Company's independent public accountants for the current fiscal year ending December 31, 2011.

Any proxy may be revoked by the stockholder at any time prior to the voting thereof by notice in writing to the Secretary of the Company, either prior to the Meeting (at the above Elgin address) or at the Meeting if the stockholder attends in person or a later dated proxy will revoke a prior dated proxy. As of the date of this Proxy Statement, the Board of Directors knows of no other business which will be presented for consideration at the Meeting. If other proper matters are presented at the Meeting, however, it is the intention of the proxy holders named in the enclosed form of proxy to take such actions as shall be in accordance with their best judgment.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Seven directors are to be elected by a plurality of the stockholder votes cast at the Meeting to serve until the 2012 Annual Meeting of Stockholders and until their successors shall be duly elected and qualified or until their earlier death, resignation or removal. The following persons have been nominated:

Name	Age	Principal Occupation(s) During Past Five Years and Other Public Directorships	Director of Company or Predecessor Since
Selim A. Bassoul	54	President, Chief Executive Officer and Chairman of the Board of the Company and its principal subsidiary, Middleby Marshall Inc. ("MM") since December 23, 2004. President and Chief Executive Officer of the Company and MM from 2001 to 2004. Chief Operating Officer of the Company and MM from 2000 to 2001. Group President of Middleby Cooking Systems Group from 1999 to 2000. President of Southbend, a Middleby company, from 1996 to 1999.	2001
		Mr. Bassoul's extensive experience at the subsidiary and corporate level of the Company and his day to day leadership as CEO of the Company provide the Board with intimate knowledge and an invaluable perspective regarding the Company's operations, challenges and business strategy.	
Robert B. Lamb	69	Clinical Professor of Management at the Leonard N. Stern School of Business at New York University since 1977. Has served as adviser to U.S. and foreign corporations, commercial banks, investment banks and government agencies. Director of Bondholders Communication Corporation. Member of the Board of Editors, The Municipal Finance Journal, since 1985.	2005
		Mr. Lamb's expertise in domestic and international economics provides unique insight into current economic trends and international business opportunities.	

Name	Age	Principal Occupation(s) During Past Five Years and Other Public Directorships	Director of Company or Predecessor Since
Ryan Levenson	35	Principal of Privet Fund Management LLC, 2007 to current. Managing Partner of Haynes Manor Capital, LLC, investment group from 2003 to 2007. Vice President of Business Development of MSI, a subsidiary of Lighten Up, LLC, from 2003 to 2006. Investment Analyst for Cramer, Rosenthal, McGlynn, hedge fund, from 2001 to 2003.	2006
		Mr. Levenson's experience in the investment management and investment analysis disciplines provides a unique perspective to the Board regarding business strategy, capital structure and accounting matters.	
John R. Miller III	70	Chairman and Chief Executive Officer of E.O.P, Inc., publisher of special market trade magazines since 1968. Director Emeritus of First National Bank of Long Island and its holding company, the First of Long Island Corporation.	1978
		Mr. Miller's marketing background and knowledge of diversity issues is valuable in Board discussions regarding new product introductions, overall marketing strategy and employee matters.	
Gordon O'Brien	45	President of Specialty Finance and Operations of American Capital Strategies since 2008. Principal and Managing Director of American Capital Strategies from 1998 to 2008. Vice President of Pennington Partners/PENMAN Partners, a private equity firm, from 1995 to 1998. A Board member of numerous private companies as a representative of American Capital Strategies.	2005
		Mr. O'Brien's extensive experience with capital markets and acquisition strategy as well as his extensive experience as a director on numerous other boards are valuable in Board discussions regarding the Company's capital structure, liquidity needs and acquisition strategy.	

Name	Age	Principal Occupation(s) During Past Five Years and Other Public Directorships	Director of Company or Predecessor Since
Philip G. Putnam	70	President Highview Associates, Independent Corporate Advisors since 2009. Managing Director, Fulcrum Securities from 2008 to 2009. Managing Director, Flagstone Capital, LLC, investment bankers, from 2000 to 2007. Executive Vice President, Brean Murray & Co. Inc., investment bankers, from 1996 to 2000.	1978
		Mr. Putnam's extensive history with the Company and his investment banking and investment analysis experience provides the Board with invaluable insight into ongoing financial and accounting matters.	
Sabin C. Streeter	69	Adjunct Professor and Executive-in-Residence at Columbia Business School since 1997. Managing Director and Vice President of Donaldson, Lufkin & Jenrette Securities Corp., investment bankers, from 1976 to 1997.	1987
		Mr. Streeter's career as an investment banker and past experience on the Boards of other companies provides the Board with valuable perspective regarding acquisition strategy, financial and accounting issues, as well as employee matters.	

Each of the nominees has consented to serve as a director if elected. The Board knows of no reason why any of the foregoing nominees will be unavailable to serve, but, in the event of any such unavailability, the proxies received will be voted for such substitute nominees as the Board may recommend.

Vote Required for Approval; Board Recommendation

Nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of directors by the shares present, in person or represented by proxy, will be elected to the Board of Directors. With regard to the election of directors, votes may be cast FOR or withheld AGAINST each nominee. Votes that are withheld will have no effect on the outcome of the election because directors will be elected by a plurality of the votes cast. Stockholders eligible to vote at the Meeting do not have cumulative voting rights with respect to the election of directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" EACH OF THE ABOVE NAMED NOMINEES AS A DIRECTOR OF THE COMPANY.

Committees; Board Meetings

The Board held four in-person meetings and one telephonic meeting during the fiscal year ended January 1, 2011, and each director attended at least 75% of all Board and applicable committee meetings. Although the Company does not have a formal attendance policy, the Company encourages all directors to attend its annual meeting of stockholders. All of the Company's directors attended the 2010 Annual Meeting of Stockholders. Current directors, Messrs. Putnam, Streeter, Miller, O'Brien, Lamb, and Levenson, have been determined by the Board to be "independent directors" as such term is defined under Rule 4200(a)(15) of The NASDAQ Stock Market, Inc. ("NASDAQ"). The Board is comprised of a majority of independent directors. The Company currently has an Audit Committee and a Compensation Committee.

The Company's standing Audit Committee was established in accordance with Section (3)(a)(58)(A) of the Securities Exchange Act of 1934, as amended. During the fiscal year ended January 1, 2011, the Audit Committee was comprised of Messrs. Putnam (Chairman), Streeter, Lamb, and Levenson, and met four times for the purposes of (i) approving the selection of the Company's independent auditors; (ii) reviewing the arrangements for and scope of the audit and pre-approving permitted non-audit services; (iii) reviewing the Company's interim and annual financial statements or other results of the audit; (iv) reviewing the Company's internal accounting procedures and controls and the recommendations of the Company's independent auditors; and (v) reviewing the external audit process. All of the members of the Audit Committee have been determined by the Board to be financially sophisticated as required by NASDAQ Rule 4350(d) and to be "audit committee financial experts" as such term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC. All of the members of the Audit Committee have been determined by the Board to meet the additional independence criteria set forth in NASDAQ Rule 4350(d). The Audit Committee has a written charter which was approved by the Board on March 4, 2003 and modified as of February 25, 2004, and is currently available in the "Investor Relations" section of the Company's website, located at www.middleby.com.

During the fiscal year ended January 1, 2011, the Compensation Committee was comprised of Messrs. Miller (Chairman), O'Brien, and Levenson and met three times. Robert L. Yohe served as Chairman of the Compensation Committee until his death in October 2009. Mr. Miller served as interim Chairman after such date until he was formally appointed by the Board as Chairman of the Compensation Committee in March 2010. The function of the Compensation Committee is to make recommendations concerning the compensation of the Chairman of the Board, the President and Chief Executive Officer, and other executive officers of the Company. The Compensation Committee is also responsible for administering and making grants to executive officers under the Company's 2007 Stock Incentive Plan and for administering the Company's 1998 Stock Incentive Plan, Management Incentive Compensation Plan and the Executive Officer Incentive Plan. Effective February 14, 2008, the 1998 Stock Incentive Plan expired and, after that date, could no longer be used for grants of any kind. All of the members of the Compensation Committee have been determined by the Board to be independent as defined under applicable NASDAQ listing standards. The Compensation Committee does not have a written charter.

The Board does not have a standing nominating committee or a nominating committee charter that addresses the director nominations process. In fiscal year 2005, the Board considered a recommendation from management of the Company that the Board establish a nominating committee comprised solely of non-employee directors, adopt a nominating committee charter and establish a formal policy for consideration of director candidates submitted by the Company's stockholders. After reviewing management's recommendation, the Board determined that it was not necessary to have a separate nominating committee or a formal policy for consideration of director candidates submitted by the Company's stockholders at that time. See "Requirements and Procedures for Submission of Stockholder Nominations of Director Candidates and Proposals of Security Holders" for further information regarding the procedures for recommending a director nominee for consideration. The Board believes that it can adequately fulfill the functions of a nominating committee without having to appoint an additional committee to perform that function, based upon the limited size of the Board and the current and anticipated operations and needs of the Company.

A majority of the independent directors discuss and evaluate potential director candidates and recommend potential director candidates to the full Board for selection. The full Board then considers the potential director candidates who have been recommended by a majority of the independent directors. Because the Company's stockholders rarely, if ever, have recommended potential director candidates, the Board does not have a formal policy for consideration of potential director candidates recommended by the Company's stockholders, but the Board will give due consideration to any and all such candidates under the same criteria as internally-generated candidates. In selecting director candidates, the Board considers a variety of factors, including, but not limited to, a candidate's demonstrated good character and integrity, experience at strategy/policy setting levels, high level experience in dealing with business organizations, ability and willingness to devote time to the affairs of the Company, financial, technical or other special skills, diversity of viewpoint, opinion and professional experience, business contacts and ability to work effectively with other Board members.

Board Leadership Structure

The business of the Company is managed under the direction of the Board, in the interest of the stockholders. The Board delegates its authority to management for managing the day to day activities of the Company. The Board requires that management review major actions and initiatives with the Board prior to implementation.

The Company believes the positions of Chairman and Chief Executive Officer ("CEO") should currently be held by the same person. The Company has adopted a counterbalancing governance structure, including:

- a designated lead independent director;
- a Board entirely composed of independent members, with the exception of Mr. Bassoul, the Company's CEO;
- committees comprised entirely of independent directors; and
- established governance and ethics guidelines.

Executive sessions of the independent directors are held in conjunction with regularly scheduled meetings of the Board and as otherwise deemed necessary. Until his death in October 2009, Mr. Yohe served as lead independent director of the Board. Mr. O'Brien was formally designated by the Board as its lead independent director in March 2010.

The lead independent director acts as an intermediary between the Board and senior management. Among other things, the lead independent director is responsible for setting the agenda for Board meetings with Board and management input, facilitating communication among directors and between the Board and the CEO, working with the CEO to provide an appropriate information flow to the Board and serving as chairman of the executive sessions of the independent directors at each formal Board meeting.

Board Compensation Structure

In the 2010 fiscal year, prior to the changes described below, each director of the Company received an annual retainer of $30,000, and each director who was not an officer of the Company received an additional meeting fee of $1,000 for each meeting of the Board or committee thereof that he attended and $500 for each telephonic meeting in which he participated. Each director who served as a committee chair received an additional annual retainer of $5,000, and the lead independent director received an additional annual retainer of $5,000.

In August of 2010, the Compensation Committee of the Board retained Grant Thornton LLP ("Grant Thornton") to conduct a detailed review of competitive practices at the Company in regards to Board and executive compensation. The Compensation Committee considers Grant Thornton to be an independent advisor as a result of the following factors:

- Grant Thornton reports directly to the Compensation Committee;
- Grant Thornton has provided no services to the Company in the past four years other than the compensation-related services provided to the Compensation Committee. However, Grant Thornton is not prohibited from providing other services to the Company or management. We notify the Compensation Committee of any potential services, including related fees that Grant Thornton might be asked to perform. The Compensation Committee has established a requirement that the Committee Chair pre-approve additional Grant Thornton services if the aggregate fees would exceed $10,000 in any year. During 2010, Grant Thornton performed benefit plan audits for fees of approximately $45,000, which such services were pre-approved by the Compensation Committee;
- We were advised by Grant Thornton that the fees charged to the Company in 2010 as a percent of Grant Thornton's total annual revenue were less than one-half of one percent, which indicates that Grant Thornton does not rely upon the Company for a significant portion of its total business;
- We were advised by Grant Thornton that Grant Thornton has internal policies and procedures that prevent conflicts of interest;
- There are no business or personal relationships between Grant Thornton's lead consultant and members of the Compensation Committee; and
- We were advised by Grant Thornton that Grant Thornton's lead consultant on the Company's account does not own any Common Stock.

In 2010, independent members of the Board voted to change Board compensation starting in January 2011 from a retainer plus meeting fee structure to a straight retainer fee. Starting in January 2011, the nonemployee members of the Board will be paid an annual retainer of $55,000, with the respective Audit and Compensation Committee Chairmen receiving an additional $10,000 annual retainer. No additional meeting fees will be paid. The revised compensation structure is intended to place the Board's total cash compensation at the median of peer group company practices. The Company's peer group of companies is discussed below under the heading "Compensation Discussion and Analysis Compensation Decision-Making Process" on page 15 of this Proxy Statement.

Prior to the end of the 2010 fiscal year, the Company maintained an unfunded retirement plan for non-employee directors, the Middleby Corporation Board of Directors Pension Plan. The pension plan provided for an annual benefit upon either a change in control or retirement from the Board at age 70, equal to 100% of the director's last annual fee (excluding meeting fees), payable on a quarterly basis for a number of years equal to the director's years of service, up to a maximum of 10 years. In November 2006, the Board approved the termination of the plan with respect to new directors of the Company and participation was frozen. All then current directors with ten or more years of service to the Company remained in the plan and continued to accrue benefits in the plan until they met the plan retirement age of 70. While the pension plan was in place, the retirement obligation was calculated using an interest rate of 6.00% for a director retiring at age 70 and a benefit payout term of ten years.

In December of 2010, the Board voted to terminate the unfunded retirement plan for non-employee directors of the Company and distribute accrued pension benefits on a grossed up basis to the remaining plan participants. Vested participants, Messrs. Miller and Putnam, received a distribution in 2010, which is shown under the heading "Director Compensation for Fiscal Year 2010" on page 35 of this Proxy Statement. Mr. Streeter was vested and received a distribution of his benefit in January 2011 in the amount of $300,000. The termination of this unfunded retirement plan is anticipated to save the Company approximately $750,000 in future pension obligations. The Board also believed it was in the best interests of the Company to terminate the pension plan in connection with the other changes to the Board's compensation package, consistent with best industry practices.

Risk Oversight

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board regularly reviews information regarding the Company's credit, liquidity and operations, as well as the risks associated with each. While the Board has general oversight responsibility for risk at the Company, the Board has delegated some of its risk oversight duties to Board committees. The Company's Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee oversees management of financial risks and evaluates the internal control framework of the Company. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

It is the role of management to present material risks in a clear and understandable manner as part of its broader responsibility to keep the Board well informed on all matters of significance to the Company. The Company believes that its current leadership structure facilitates this clear delineation of responsibility with respect to its risk management process. The combined role of CEO and Chairman is an effective structure for the Board to understand the risks associated with the Company's strategic plans and objectives. Additionally, maintaining an independent Board with a lead independent director permits open discussion and assessment of the Company's ability to manage these risks.

Stockholder Communications With the Board

The Board has adopted the following procedure for stockholders and other interested parties to communicate with the Board. All such communications should be sent by email to the Chairman of the Board at the address found on the Company's website, www.middleby.com, or by regular mail to the Chairman of the Board at the Company's principal executive offices in Elgin, Illinois. The Chairman will collect and organize all such communications, deleting any sales or other solicitations and any communications which contain offensive material. A summary of the communications received will be periodically provided to the Board, which will determine the disposition of any such communication.

EXECUTIVE OFFICERS

The following is a summary of the professional experience of the executive officers of the Company.

Name	Age	Principal Occupation(s) During Past Five Years
Selim A. Bassoul	54	President, Chief Executive Officer and Chairman of the Board of the Company and its principal subsidiary, Middleby Marshall Inc. ("MM") since December 23, 2004. President and Chief Executive Officer of the Company and MM from 2001 to 2004. Chief Operating Officer of the Company and MM from 2000 to 2001. Group President of Middleby Cooking Systems Group from 1999 to 2000. President of Southbend, a Middleby company, from 1996 to 1999.
Timothy J. FitzGerald	41	Vice President and Chief Financial Officer of the Company and MM since May 2003. Vice President and Corporate Controller of the Company and MM from February 2000 to May 2003. Corporate Controller of the Company and MM from November 1998 to May 2003.
David Brewer	54	Chief Operating Officer of the Company since March 2009. President, Pitco Frialator, Inc. from July 2007 to March 2009. President, Lantech North America, from June 2005 to July 2007. Vice President of Global Supply Chain, YUM!, from March 2002 to June 2005.
Martin M. Lindsay	46	Corporate Treasurer and Assistant Secretary of the Company and MM since February 2002. Assistant Treasurer of the Company and MM from March 1999 to February 2002.

EXECUTIVE COMPENSATION
Compensation Discussion and Analysis

The following Compensation Discussion and Analysis ("CD&A") describes the material elements of compensation for the Company's executive officers identified in the Summary Compensation Table as the "Named Executive Officers." The CD&A also provides analysis with respect to the compensation disclosed in the tables that follow.

The Compensation Committee of the Board (the "Committee") during the course of 2010 was composed of the following outside directors, each of whom is "independent" in accordance with the governance rules of the NASDAQ Stock Market: John R. Miller III, Chairman, Ryan Levenson and Gordon O'Brien. As previously noted, Robert L. Yohe served as Chairman until his death in October 2009. Mr. Miller served as interim Chairman after such date until he was formally appointed by the Board as Chairman of the Committee in March 2010. The Committee is appointed by, and responsible to, the Board for making recommendations to the Board and approving, where appropriate, all matters related to executive and non-employee director compensation.

Executive Summary

Highlights

We seek to closely align the interests of our Named Executive Officers with the interests of our stockholders. As described in this CD&A, our compensation program is designed to reward our Named Executive Officers for the achievement of short-term and long-term financial goals and the achievement of increased earnings per share and earnings before interest, taxes, depreciation and amortization ("EBITDA"), while at the same time avoiding encouraging unnecessary or excessive risk-taking. Our Named Executive Officers' total direct compensation is comprised of a mix of base salary, performance-based cash bonus and long-term incentive awards in the form of performance-vesting restricted stock.

As discussed in more detail below, the compensation mix for our Named Executive Officers reflects our pay for performance philosophy as evidenced by the following:

- Long-term incentive awards in recent years have been made solely in the form of performance stock, and

- Fixed compensation (base salary) is a small portion of total direct compensation paid to the Named Executive Officers while variable pay (compensation that is "at risk" based on performance) comprises the bulk of total direct compensation paid to the Named Executive Officers.

The Committee is also mindful that the current executive team led by Mr. Bassoul, our CEO, has contributed significantly to the performance of the Company, outperforming its peers in many respects. For example, our 2010 financial performance on Return on Equity ("ROE") and Total Shareholder Return ("TSR") was above the peer group median. The peer group for this purpose is discussed below on page 16. On a three-year basis (FYE 2007 FYE 2010, representing the economic downturn) the Company's performance on average ROE surpassed the peer group median, and TSR approximated the peer group median. This illustrates the strong performance of the executive team in the face of adverse macro-economic conditions. On a five-year basis (FYE 2005 FYE 2010), the Company's average ROE was the highest in its peer group, and TSR ranked in the 92nd percentile of its peers.

Note: TSR reflects annual rates of return reflecting price appreciation plus reinvestment of dividends (calculated monthly) and the compounding effect of dividends paid on reinvested dividends.

In light of the importance of tying compensation to performance, the Committee is working with management and the independent compensation consultant retained by the Committee, Grant Thornton, to develop operational and performance-based metrics for setting the overall size of cash incentive bonuses and equity incentives for the Named Executive Officers. Our compensation program in 2010 and our anticipated changes in 2011 build upon the Company's compensation governance framework and our overall pay-for-performance philosophy, which are demonstrated by:

- Long-term incentive awards made in 2011 that vest only after a three year performance period based on growth in two performance goals (as opposed to a single goal) intended to drive increased market capitalization and thus value for our stockholders. We note that no equity grants were made in 2010 while we reacted to changing business conditions.

- The Committee's engagement of Grant Thornton, an independent compensation consultant that does not provide any compensation related services to management and that had no prior compensation related relationship with management prior to the engagement. Grant Thornton also provided benefit plan audit services in 2010, and earned fees of approximately $45,000.

- The introduction of a compensation peer group of companies by Grant Thornton which will serve as a reference point in upcoming years.

Compensation Programs Objectives and Philosophy

The Committee's compensation philosophy is to engage and promote competitive spirit amongst its employees at all levels to facilitate delivery of the best possible products to the market capable of maximizing market share within each product niche, thus ensuring the highest potential stock share price on the market for the Company's shareholders.

The Company's compensation and benefits programs are influenced by the Company's business culture and are designed to maximize strategic Company goals. The Company's compensation program objectives are as follows:

Attract and Retain Executive Talent The Committee intends to provide compensation packages that will attract and retain qualified executive talent and deliver increasing rewards for extraordinary performance.

Link Executive Compensation with Operating Performance The Committee structures a portion of the compensation for Named Executive Officers and senior management to vary with the Company's financial and operating performance. This requires that a significant portion of an executive's annual compensation is "at-risk" and linked to the achievement of both corporate and individual goals, in order to drive and increase stockholder value.

Link Executive Long-Term Incentive Compensation with Stockholder Interests The Committee believes that granting long term equity based awards using stock options, restricted stock, stock appreciation rights, or performance stock, aligns the interests of Named Executive Officers with those of stockholders through stock ownership and furthers the Company's goal of executive retention by using time-based vesting of equity awards in certain cases. Long-term incentive compensation granted to our Named Executive Officers in recent years has been solely in the form of performance stock. No long-term incentive awards were made in the 2010 fiscal year.

Performance-Based Compensation to Comply with Section 162(m) of the Code Performance-based compensation provided to the Named Executive Officers subject to Section 162(m) of the Internal Revenue Code (the "Code") should comply with the requirements that qualify the compensation as tax deductible to the Company, unless the Company determines under particular circumstances that it is in the Company's best interest to provide compensation that is not tax deductible.

Because of its desire to reinforce a performance-based culture, the Company emphasizes a pay mix that is comprised primarily of variable pay. As such, base salary makes up the smallest portion of total direct compensation for the CEO and Chief Financial Officer ("CFO"), with variable pay in terms of annual and long-term incentives accounting for the remaining portion. The mix varies by position, taking into account each position's ability to influence results, as well as competitive practice.

The following charts illustrate the allocation between fixed and variable components of total direct compensation for 2010, and planned for 2011. In the below illustration, "2010 Actual" fixed compensation is comprised of base salary, while variable or "at-risk" pay is comprised of the amounts earned under the EOIP and MICP. "2011 Maximum" fixed compensation is comprised of base salary, while variable or "at-risk" pay is comprised of the maximum annual bonus opportunity under the Company's annual performance based incentive plan ("AI") and the maximum number of performance shares that could be earned under the 2011 performance stock grants made to the Named Executive Officers based on the closing stock price as of December 31, 2010 ("LTI").

We encourage you to read this CD&A for a detailed discussion and analysis of our executive compensation program, including information about the 2010 compensation of the Named Executive Officers described in the tables that follow.

Discussion and Analysis

Middleby Business Environment

The Company is a global leader in the foodservice equipment industry. The Company develops, manufactures, markets and services a broad line of equipment used for commercial food cooking, preparation and processing. The Company's leading equipment brands serving the commercial foodservice industry include Anets®, Blodgett®, Blodgett Combi®, Bloomfield®, Carter Hoffmann®, Cooktek®, CTX®· Doyon®, frifri®, Giga®, Holman®, Houno®, Jade®, Lang®, MagiKitch'n®, Middleby Marshall®, Nu-Vu®, PerfectFry, Pitco Frialator®, Southbend®, Star®, Toastmaster®, Turbochef® and Wells®. The Company's leading brands serving the food processing industry include, Alkar®, Cozzini, MP Equipment® and RapidPak®. The Company was recognized by Forbes as one of the Best Small Companies of 2008, 2009, and 2010.

Compensation Committee Structure

The Committee is currently comprised of three directors, named above, and at all times will consist of two or more persons, each of whom shall be an "outside director" within the meaning of Section 162(m) of the Code. The Committee includes a chairperson, makes rules and regulations for the conduct of its business as it deems advisable and keeps minutes of Committee meetings. All determinations of the Committee are made by a majority of its members either present in person or participating by conference telephone at a meeting or by written consent. The Committee may delegate to one or more of its members or to one or more agents such duties as it may deem advisable, and the Committee or any person to whom it has delegated duties may employ the services of one or more individuals to render advice with respect to any responsibility of the Committee.

For additional information on the members, structure, scope of authority and operation of the Committee, see "Committees; Board Meetings" and "Proposal 1 Election of Directors."

The Committee makes all decisions over total direct compensation for Named Executive Officers and other members of senior management, which involves decisions regarding base salary, annual cash-based incentive plan bonuses and long term equity incentive plan awards. The Committee's recommendations for compensation arrangements of Mr. Bassoul, our Chairman of the Board, CEO and President, are presented to the full Board for approval.

Compensation Decision-Making Process

The CEO annually reviews the operating performance of each executive officer. Elements of executive reviews include an analysis of actual operating performance versus pre-determined operating performance targets, measures taken to improve efficiency of operations within the executive's area of responsibility and assessment of the executive's commitment to the Company's core operating principles. Based on the CEO review, the CEO develops a recommendation to the Committee for each executive's annual base salary, annual performance incentive plan structure and the basis for long term equity-based grants. The Committee uses the same methodology to establish the annual base salary and performance-based bonus structure of the CEO.

With respect to annual cash bonus awards, the Committee determines the minimum amount of operating performance that must be achieved each year in order for an annual performance bonus to be paid. Target levels are set to be in line with the Company's annual budget and are presented by the CEO to the Board for review and approval. The total direct compensation of Named Executive Officers and senior management of the Company are set at levels intended to be competitive with amounts paid to executive officers and senior managers with comparable qualifications, experience, and responsibilities at other businesses of similar type or market capitalization, based on the experience of the committee members, with an emphasis on pay for performance. In setting compensation levels for the 2010 fiscal year, the Committee did not utilize specific compensation data, surveys or indices as a basis for either the total direct compensation or a material portion of compensation paid to the Named Executive Officers.

In 2010, Grant Thornton was retained as a compensation consultant to assist the Committee in evaluating and updating its compensation practices. Grant Thornton developed a peer group of 15 companies in comparable industries with median revenues approximating those of the Company for purposes of serving as a reference point for compensation levels. It provides the Committee with a general understanding of current compensation practices rather than a formula for establishing specific pay levels, and is not intended to supplant Committee judgment. Consistent with past years, the Company does not engage in formal benchmarking in setting executive compensation.

The peer group companies are shown in the table below.

($ thousands)

Company		FYE 2010 Revenues	Company		FYE 2010 Revenues
Baldor Electric Co.[1]		N/A	IDEX Corp.	$	1,513
Barnes Group Inc.	$	1,133	John Bean Technologies	$	880
Chart Industries Inc.	$	555	Kaydon Corp.	$	464
Circor International Inc.	$	686	Manitowoc Co. Inc.	$	3,142
Clarcor Inc.	$	1,011	Papa John's Int'l Inc.	$	1,126
Colfax Corp.	$	542	Robbins & Myers Inc.	$	585
Dover Corp.	$	7,133	Standex International Corp.	$	578
Graco Inc.	$	744			
Middleby Corp.	**$**	**719**	**Peer Group Median**	**$**	**812**

[1] Baldor Electric Company was acquired by ABB Ltd. on November 29, 2010; Baldor was included in the peer group for 2010 as compensation data was available at the time but will be removed from the peer group going forward.

The Elements of the Company's Compensation Program

The Company's compensation program is generally divided into three elements: (1) base salary, (2) annual performance incentive programs and (3) long term equity-based incentive programs. We use the mix of these elements to emphasize pay for performance. Using the elements of total direct compensation, we also recognize the different value brought by individual jobs within the Company. As a general rule, our CEO and CFO have the most responsibility for the operation and performance of the business and, accordingly, such individuals receive the most potential upside in their compensation, but also the most compensation subject to risk, depending on financial performance.

Base Salary

Base salary levels and any annual salary increases are budgeted based on the current business environment and the individual's level of responsibility and merit within the Company. The table below sets forth the base salary levels and associated changes for Named Executive Officers for the 2010 fiscal year. The Committee determined that no change was necessary for the 2010 fiscal year.

Named Executive Officer		2009 Base Salary		2010 Base Salary	% Change
Selim A. Bassoul	$	1,000,000	$	1,000,000	%
Timothy J. FitzGerald	$	400,000	$	400,000	%
David Brewer	$	400,000	$	400,000	%
Martin M. Lindsay	$	140,000	$	140,000	%

Annual Performance-Based Incentive Programs

Prior to the 2011 fiscal year and during 2010, the Company maintained two annual performance based incentive programs, the Management Incentive Compensation Plan ("MICP") and the Executive Officer Incentive Plan ("EOIP"). Each of these plans are intended to provide an incentive for superior performance and to motivate eligible employees toward the highest level of achievement and business results, to tie their goals and interests to those of the Company and its stockholders, and to enable the Company to attract and retain highly qualified executive officers.

Each of the Named Executive Officers is eligible to participate in the MICP if selected by the Committee for participation. During 2010, Messrs. Bassoul and FitzGerald were selected to participate in the MICP (the "MICP Participants").

Payment of MICP bonuses are made subject to the attainment of the pre-established written performance goals approved by the Committee prior to the 90th day following the beginning of the Company's fiscal year. For 2010 as in past years, the performance goals were based upon attaining certain levels of EBITDA for the fiscal year. The Named Executive Officers had the opportunity to earn bonuses under the MICP based on the following:

A minimum EBITDA goal that must be achieved prior to the payment of the MICP Participant's target MICP bonus. The MICP will not pay bonuses to MICP Participants if actual EBITDA performance is below the minimum EBITDA goal.

Tiered performance goals above the minimum EBITDA goal, which if met lead to an incrementally higher annual bonus.

The target EBITDA goal for 2010 was $137,929,000. Under their respective employment agreements, described further below, each of Messrs. Bassoul and FitzGerald are eligible to earn 100% and 80%, respectively, of his base salary upon the achievement of EBITDA goal at target level. Mr. Bassoul is eligible to earn an additional $35,000, and Mr. FitzGerald is eligible to earn an additional $5,800 for each additional $120,000 of EBITDA attained over target.

For 2010 actual EBITDA achieved was $156,523,600, an increase of $18,594,600 over the prior year's results and an achievement level which resulted in maximum awards for maximum performance for Messrs. Bassoul and FitzGerald.

Name	Target Payout	Maximum Payout	Target EBITDA	Maximum EBITDA	Actual EBITDA	EBITDA in Excess of Target	Actual (Capped) Payout (1)
Selim A. Bassoul	$ 1,000,000	$ 3,500,000	$				