MIDDLEBY CORP
Form DEF 14A
April 03, 2007

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.)

Filed by the Registrant x
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o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
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THE MIDDLEBY CORPORATION

(Name of Registrant as Specified In Its Charter)
N/A
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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1400 Toastmaster Drive
Elgin, Illinois 60120

April 3, 2007

Notice of Annual Stockholders Meeting:

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 executive offices located at 1400 Toastmaster Drive, Elgin, Illinois 60120 at 10:30 a.m., local time, on, Thursday, May 3, 2007, for the following purposes:

(1) To elect eight directors to hold office until the 2008 Annual Meeting.

(2) 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 29, 2007.

(3) To consider and act on a proposal to approve an amendment to the Company s restated certificate of incorporation.

(4) To consider and act on a proposal to approve The Middleby Corporation 2007 Stock Incentive Plan.

(5) 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 22, 2007 as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting.

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.

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 (i) by signing and returning the enclosed proxy card in the postage-paid envelope provided, (ii) by telephone or (iii) electronically via the Internet, as described in further detail on the proxy card. 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

2007 ANNUAL MEETING OF STOCKHOLDERS
May 3, 2007
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 2007 Annual Meeting of Stockholders (the Meeting) to be held at the Company s executive offices located at 1400 Toastmaster Drive, Elgin, Illinois 60120, at 10:30 a.m., local time, on Thursday, May 3, 2007, for the purposes set forth in the accompanying Notice of Meeting. This Proxy Statement, the form of proxy included herewith, and the Company s Annual Report to Stockholders for the fiscal year ended December 30, 2006, are being mailed to stockholders on or about April 3, 2007.

Stockholders of record at the close of business on March 22, 2007 (the Record Date) are entitled to notice of and to vote at the Meeting. On such date there were outstanding 7,975,623 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 your proxy card at the Meeting, or by mail, telephone or electronically via the Internet, pursuant to the instructions on the proxy card enclosed with this Proxy Statement 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 eight 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. Approval of the proposal to ratify the Company s appointment of independent public accountants and the proposal to adopt the Company s 2007 Stock Incentive Plan 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. For these other matters, abstentions and broker non-votes will not be counted as votes cast either FOR or AGAINST approval of such matters and therefore will not have an effect on the outcome of the votes.

Approval of the proposal to amend the Company s restated certificate of incorporation requires the affirmative vote of a majority of the Company s outstanding shares of Common Stock. Both abstentions and broker non-votes are not affirmative votes and, therefore, will have the same effect as votes cast against this proposal.

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 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 29, 2007;

- Proposal No. 3 Approval of an amendment to the Restated Certificate of Incorporation ; FOR the approval of the amendment to the restated Certificate of Incorporation;

- Proposal No. 4 Approval of 2007 Stock Incentive Plan ; FOR the approval of the 2007 Stock Incentive Plan .

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

Eight directors are to be elected by a plurality of the stockholder votes cast at the Meeting to serve until the 2008 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	50	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
Robert B. Lamb	65	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
Ryan Levenson	31	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 Lighten Up, LLC, a subsidiary of MSI, from 2003 to 2006. Investment Analyst for Cramer, Rosenthal, McGlynn, hedge fund, from 2001 to 2003.	2006
John R. Miller III	66	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
Gordon O Brien	41	Principal and Managing Director of American Capital Strategies since 1998. 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
Philip G. Putnam	66	Managing Director, Flagstone Capital, LLC, investment bankers, since 2000. Executive Vice President, Brean Murray & Co. Inc., investment bankers, from 1996 to 2000.	1978

Sabin C. Streeter	65	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
Robert L. Yohe	70	Retired Vice Chairman and Director of Olin Corporation, a chemicals manufacturer, from 1993 to 1994, and from 1985 to 1992, President of Olin Chemicals, a division of Olin Corporation. Director of Calgon Carbon Corporation and Marsulex Inc.	1996

Each of the nominees has consented to serve as a director if elected. The Board of Directors 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 of Directors 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 of Directors of the Company held four meetings during the fiscal year ended December 30, 2006, 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 the annual meetings of stockholders. All of the Company s directors at the time attended the 2006 Annual Meeting of Stockholders. Current directors, Messrs. Putnam, Streeter, Yohe, Miller, O Brien, Lamb, and Levenson, have been determined by the Board of Directors to be independent directors as such term is defined under Rule 4200(a)(15) 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.

From January 1, 2006 to July 25, 2006, the Audit Committee was comprised of Messrs. Putnam (Chairman), Streeter, and Lamb. From July 26, 2006 to December 30, 2006, the Audit Committee was comprised of Messrs. Putnam (Chairman), Streeter, Lamb, and Levensen. During the fiscal year ended December 30, 2006, the Audit Committee 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 of Directors 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 of Directors to meet the additional independence criteria set forth in Nasdaq Rule 4350(d). The Audit Committee has a charter which was approved by the Board of Directors on March 4, 2003 and modified as of February 25, 2004, a copy of which is attached as Appendix A to this proxy statement for the 2007 Annual Meeting of Stockholders of the Company.

From January 1, 2006 to July 25, 2006, the Compensation Committee was comprised of Messrs. Yohe (Chairman), Miller, and O Brien. From July 26, 2006 to December 30, 2006, the Compensation Committee was comprised of Messrs. Yohe (Chairman), Miller, O Brien, and Levenson. During the fiscal year ended December 30, 2006, the Compensation Committee met three times. 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 making grants to executive officers under the 1998 Stock Incentive Plan and the proposed 2007 Stock Incentive Plan, and for administering the Management Incentive Compensation Plan, the Executive Officer Incentive Plan, and the proposed 2007 Stock Incentive Plan. All of the members of the Compensation Committee have been determined by the Board of Directors 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 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 recommends 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 and experience, business contacts and ability to work effectively with other Board members.

Executive sessions of the independent directors are held in conjunction with regularly scheduled meetings of the Board of Directors and as otherwise deemed necessary. Robert L. Yohe is the acting lead independent director of 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 executive office in Elgin, Illinois. The Chairman will collect and organize all such communications, deleting any sales or other solicitations and any 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	50	Refer to professional experience, described above under Proposal No. 1 Election of Directors.
Timothy J. FitzGerald	37	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.
Phil Dei Dolori	47	Group President, GS Blodgett Corporation, Pitco Frialator, Inc., Southbend and MagiKitch n Inc., since 2006. Group President, GS Blodgett Corporation, Pitco Frialator, Inc., and MagiKitch n Inc., 2003 to 2006. President, Pitco Frialator, Inc., from January 2002 to May 2003. President, Vulcan-Hart, an Illinois Tool Works Company, from September 2000 to December 2001. Vice President of Sales, Vulcan-Hart, an Illinois Tool Works Company, from 1999 to 2000.
Mark A. Sieron	58	Division President, since 2004. Vice President and General Manager, Middleby Cooking Systems Group, from 1988 to 2004.
Nazih Ibrahim	53	Division President, Southbend since August 2004. Vice President of Supply Chain Management, from July 2003 to August 2004. Vice President, Materials Management, Franke Group from 1999 to 2003. Vice President, Purchasing, Stainless Incorporated, from 1995 to 1999.
Martin M. Lindsay	42	Corporate Treasurer 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 describes the material elements of compensation for The Middleby Corporation executive officers identified in the Summary Compensation Table as the Named Executive Officers .

The Board has a Compensation Committee (the Committee) which, during the course of 2006, was composed of the following outside directors, each of whom is independent in accordance with the governance rules of the Nasdaq Stock Market: Robert L. Yohe, Chairman, Ryan Levenson, Gordon O Brien and John R. Miller III. 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.

Middleby Business Environment

The Middleby Corporation 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 brands include Blodgett®, Blodgett Combi®, Blodgett Range®, CTX®, Houno®, MagiKitch n®, Middleby Marshall®, Pitco Frialator®, Southbend®, NU-Vu®, Alkar®, RapidPak®, and Toastmaster®. Middleby s international subsidiary, Middleby Worldwide, is a leading exporter and distributor of foodservice and the Middleby Philippines Corporation, is a leading supplier of specialty equipment in Asian markets. In 2006, The Middleby Corporation was ranked no. 6 on the Forbes 200 Best Small Companies list.

Compensation Committee Structure

The Committee is currently comprised of four 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 Internal Revenue Code of 1986 (the Code). The Committee includes a chairperson and may make 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 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 the Chairman of the Board, Chief Executive Officer and President (the CEO) are presented to the full Board of Directors for approval.

Compensation Programs Objectives

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 executive compensation is at-risk and linked to the achievement of both corporate and individual goals, in order to increase shareholder value;

- **Link Executive Long-Term Incentive Compensation with Shareholder Interests** The Committee believes that granting long term equity based awards using stock options, restricted stock, stock appreciation rights, or performance units, aligns the interests of Company executives with those of shareholders and furthers the Company s goal of executive retention by using time-based vesting of equity awards;

- **Performance-based compensation to Comply with Section 162(m) of the Internal Revenue Code** Performance-based compensation provided to Named Executive Officers and senior management 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.

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 for 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 of Directors for review and approval. The total 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, with an emphasis on pay for performance.

The Elements of the Company s Compensation Program

The Company s compensation program is divided into three elements: (1) base salary, (2) annual performance incentive programs, and (3) long term equity-based incentive programs.

Base Salary

The base salary element of the compensation program sets executives base salaries at levels estimated to be below that of the median for executives in comparable positions at other similarly sized companies. Annual non-executive salary increases are budgeted based on the current business environment and the individual s level of responsibility and merit within the Company. For 2006 the range of non-executive salary increases was between 2% and 4.5% of base salary. The table below sets forth the base salary levels and associated changes for Named Executive Officers for the 2006 fiscal year. The base salary of Mr. Dei Dolori, our Group President, was increased in recognition of increased responsibilities for the Company s Southbend division.

	2005 Base Salary	2006 Base Salary	% Change
Selim A. Bassoul	$ 770,000	$ 770,000	0 %
Timothy J. FitzGerald	$ 250,000	$ 250,000	0 %
Phil Dei Dolori	$ 258,000	$ 300,000	16 %
Mark Sieron	$ 161,035	$ 161,035	0 %
Nazih Ibrahim	$ 150,000	$ 150,000	0 %

Annual Performance-Based Incentive Programs

Management Incentive Compensation Plan

The Management Incentive Compensation Plan (MICP) is intended to provide an incentive for superior performance and to motivate eligible employees (MICP Participants) toward the highest level of achievement and business results, to tie their goals and interests to those of the Company and its shareholders, 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, and all of the Named Executive Officers participated in the MICP in 2006.

Payment of MICP bonuses are made subject to the attainment of pre-established written performance goals approved by the Committee prior to the 90th day following the beginning of the Company s fiscal year. For 2006, the performance goals were based upon attaining certain levels of earnings before interest, taxes, depreciation, and amortization (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.

- A maximum EBITDA that, if achieved or surpassed will result in the payment the maximum MICP bonus available to the MICP Participant. For 2006 the EBITDA goal resulting in maximum pay for maximum performance was equal to a 14.7% increase in EBITDA over the prior year s results for Messrs. Bassoul and FitzGerald; an 21.9% increase in EBITDA targets relating to Pitco Frialator, Inc., GS Blodgett Corporation and Southbend over the prior year s results in the case of Mr. Dei Dolori; an 23.0% increase in EBITDA targets relating to Middleby Cooking Systems Group over the prior year s results in the case of Mr. Sieron; and an 22.3% increase in EBITDA targets relating to the Southbend operating division over the prior year s results in the case of Mr. Ibrahim.

The amount of the MICP bonus for MICP Participants at each EBITDA performance goal level is consistent with that individual s role and responsibility within the Company. The Grants of Plan-Based Awards Table below shows the amounts which could have been earned by the Named Executive Officers under the MICP at target and maximum performance.

EBITDA is determined by the Committee in accordance with Generally Accepted Accounting Principles, subject to adjustment to reflect the impact of specific extraordinary items not reflected in the MICP Participant goals. Under the MICP, the EBITDA calculation does not include foreign exchange gains/losses and does include all bonuses and incentive compensation payable, including MICP payments, to Company employees for the applicable year.

Payments of MICP bonuses, if any, are made after the completion of the Company s fiscal year end audit and only after the Committee certifies that the EBITDA goals with respect to which MICP payments are to be made have been attained. The bonus awarded to each Named Executive Officer in respect of 2006 performance under the MICP is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table below. The Company achieved the maximum EBITDA goal under the MICP in 2006 and as a result, Messrs. Bassoul, FitzGerald, Dei Dolori, Sieron, and Ibrahim, respectively, received the maximum MICP bonus for the year as follows: $3,500,000, $600,000, $600,000, $313,621 and $250,000. Mr. Sieron s 2006 MICP bonus was adjusted in the discretion of the Committee as permitted by the plan to take into account expenses relating to the relocation of the Toastmaster business unit.

Stock ownership requirement. The MICP plan supports the Company s desire for Named Executive Officers and senior executives to maintain a minimum percentage of base salary in the form of Middleby Corporation common stock ownership. Unexercised stock options are not considered in calculating the stock ownership requirement. The base salary percentages are set by the Committee annually and are set at levels consistent with the individual s level of responsibility within the Company. If an MICP Participant meets or exceeds their stock ownership requirement, then they are eligible to receive 100% of their MICP bonus. If an MICP Participant does not meets their stock ownership requirement, then a maximum of one-third of their MICP bonus will be used to purchase common stock on the MICP Participant s behalf.

Stock ownership requirements of the Named Executive Officers as of December 30, 2006 are as follows:

Named Executive Officer	**Stock Ownership Requirement (multiple of base salary)**	**Stock Ownership Requirement (shares)**	**Actual Stock Ownership (shares)**	
Selim A. Bassoul	3 x base salary	22,070	326,356	(1)
Timothy J. FitzGerald	2 x base salary	4,777	70,246	(2)
Phil Dei Dolori	2 x base salary	5,486	32,687	(3)
Mark Sieron	2 x base salary	3,077	40,100	(4)
Nazih Ibrahim	2 x base salary	2,867	5,750	(5)

Footnotes:

(1) Does not include 475,000 vested unexercised options.

(2) Does not include 45,000 vested unexercised options.

(3) Does not include 5,800 vested unexercised options.

(4) Does not include 15,837 vested unexercised options.

(5) Does not include 5,000 vested unexercised options.

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Executive Officer Incentive Plan

The Executive Officer Incentive Plan (EOIP) is an annual cash-based incentive plan that operates with the purpose of reinforcing corporate, organizational and business-development goals; to promote the achievement of year-to-year financial and other core business objectives; and to reward the performance of the Company s key employees in fulfilling their individual responsibilities. The EOIP provides an essential component of the total compensation package offered to Named Executive Officers. It reflects the importance placed by the Company on motivating employees to achieve superior results over a long term and paying employees based on that kind of achievement.

EOIP awards are granted to key employees (the EOIP Participants) of the Company who are selected by the Committee in its sole discretion. In determining the EOIP Participants to whom EOIP awards are granted, the Company considers key employees who exhibit extraordinary performance in achieving year-to-year financial goals and further exceed the core business objectives of the Company. For 2006, the CEO and CFO participated in the EOIP.

Performance periods for EOIP awards are as follows:

- January 1, 2006 to December 31, 2006
- January 1, 2007 to December 31, 2007
- January 1, 2008 to December 31, 2008
- January 1, 2009 to December 31, 2009
- January 1, 2010 to December 31, 2010

At the beginning of each performance period the Committee will establish performance goals applicable to the EOIP award. Performance goals may include a threshold level of performance below which an EOIP bonus will not be earned, levels of performance at which a specified EOIP bonus will be earned, and a maximum level of performance beyond which no additional EOIP bonus will be earned. For 2006, the performance goals selected by the Committee related to earnings per share. The EOIP Participant could earn a target bonus amount in the event of an increase in EPS of 10% over the prior year s result. The EOIP further provided incremental incentives for EPS targets between 10% and 16.5% over the prior year s results. The Middleby Corporation attained an EPS of $5.13 per share for 2006, which far surpassed the maximum goal under the EOIP. As a result, each of Mr. Bassoul and Mr. FitzGerald earned the maximum bonus awarded under the EOIP of $1,342,258 and $223,719, respectively.

Payment of an EOIP award is made only if performance goals as specified by the Committee are attained and if the EOIP Participant is employed by the Company on the last day of the applicable performance period. In no event may an EOIP award for a performance period exceed $3.5 million per award. The Committee may, in its sole discretion, decrease the amount payable to an EOIP participant upon achievement of performance goals, but in no event may the Committee increase the EOIP amount otherwise payable to the EOIP participant.

Long Term Equity-Based Incentive Programs

The 1998 Stock Incentive Plan (the 1998 Plan) is an equity-based incentive plan that encourages Named Executive Officers and senior management of the Company and its subsidiaries to have common stock ownership in the Company and further aligns the interests of Named Executive Officers and senior management with those of stockholders. The Committee is authorized to make grants of stock options, stock appreciation rights, restricted stock or performance stock under the 1998 Plan.

Generally, the Committee determines the overall size of the long-term incentive award for each executive officer, including the CEO and CFO. The CEO will make recommendations to the Compensation Committee regarding award levels for executive officers other than the CEO. However, the Committee may also make grants at varying times of the year, generally in connection with new employment arrangements or promotions, or based on the availability of shares under Company s shareholder approved long-term equity compensation plans. The Committee has made such awards without regard to the release of the Company s financial results for the year or the release of any other material non-public information. No equity-based awards were made to the Named Executive Officers during 2006.

No Backdating: The Company does not backdate options or grant options retroactively. All grants to any Company employee are approved by the Committee and are presented to the full Board for final approval. The exercise price of an option is set at the fair market value of the underlying Common Stock, which is equal to the closing market price of such stock on the date of grant and this method has been consistently applied.

Pension Plans

Pursuant to his employment agreement, the CEO is entitled to a nonqualified defined benefit pension benefit as follows: Upon the CEO s retirement on or after the date on which he attains the age of 55 (the Age 55 Retirement Benefit), but in no event prior thereto, he shall be fully vested in a monthly retirement benefit equal to one-twelfth of 50% of his then current base salary, payable for the remainder of his life. If the CEO retires after the date on which he attains the age of 60 (the Age 60 Retirement Benefit), he shall be fully vested in a monthly retirement benefit equal to one-twelfth of 62.5% of his then current base salary, in lieu of the age 55 Retirement Benefit, payable for the remainder of his life. If the CEO retires after the date on which he attains the age of 65, he shall be fully vested in a monthly retirement benefit equal to one-twelfth of 75% of his then current base salary, in lieu of the age 60 Retirement Benefit, payable for the remainder of his life. The estimated monthly retirement benefit payable to the CEO is based on his compensation level as of December 30, 2006 would be $32,083 at the retirement age of 55, $40,104 at the retirement age of 60, and $48,125 at the retirement age of 65. The amount of the CEO s nonqualified retirement benefit would be offset by the amount of the CEO s accrued benefits under the tax-qualified plans maintained by the Company, other than any portion of such benefits that are attributable to the CEO s own contributions to the qualified plans.

The CEO and his dependents are entitled to continue to participate in all health and medical plans and programs which the Company maintains for its senior executives and their families for life, subject to any Medicare coverage being the primary coverage.

Perquisites

Named Executive Officers of the Company and senior executives of the Company are offered limited perquisites. In general, executives in sales oriented positions are offered an automobile expense reimbursement that varies by individual, but, in no event exceeds ten thousand dollars per fiscal year. The CEO is offered the use of a Company automobile, with the associated income taxes added to annual income, and is reimbursed for the cost of annual income tax planning services.

2007 Actions

On March 8, 2007, the Company made awards of restricted stock to each of the NEOs as follows: Mr. Bassoul, 69,500 shares, Mr. FitzGerald, 22,500 shares, Mr. Dei Dolori, 15,000, shares, Mr. Sieron, 10,000 shares and Mr. Ibrahim, 5,000 shares. Awards for Named Executive Officers other than Mr. Bassoul were made pursuant to the terms of the Company s 1998 Stock Incentive Plan and will only become vested based on the achievement of specified significant increases in the market price of the common stock over a five-year period. Mr. Bassoul s award was made pursuant to the terms of the Company s 1998 Stock Incentive Plan and will only become vested based on the achievement of specified significant increases in the market price of the common stock over a seven-year period.

Accounting and Tax Implications of Executive Compensation

Current federal tax law imposes an annual individual limit of $1 million on the deductibility of the Company s compensation payments to the CEO and its four most highly compensated other executive officers. Performance-based compensation that satisfies the conditions of Section 162(m) of the Code is excluded for purposes of this limitation. The 2006 awards made to the CEO and the other executive officers pursuant to the MICP, as well as the awards made pursuant to the EOIP to the CEO and CFO, were subject to, and made in accordance with, the Committee s pre-established performance goals. The 2007 restricted stock grants described above were designed to comply with the requirements of Section 162(m) of the Code.

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Compensation Committee, comprised of independent directors, reviewed and discussed the above Compensation Discussion and Analysis (CD&A) with the Company s management. Based on the review and discussions, the Compensation Committee recommend to the Company s Board of Directors that the CD&A be included in these proxy materials.

The Compensation Committee
Robert L. Yohe, Chairman,
Ryan Levenson, Gordon O Brien and John R. Miller III

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the annual and long-term compensation for services to the Company in all capacities during the 2006 fiscal year received by the following persons collectively referred to as the Company s Named Executive Officers : (i) the Chief Executive Officer of the Company, (ii) the Chief Financial Officer of the Company and (iii) the three most highly compensated executive officers of the Company (other than the Chief Executive Officer and the Chief Financial Officer).

Name and Principal Position	**Fiscal Year**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)**	**Option Awards ($)**	**Non-Equity Incentive Plan Compensation ($)**	**Change in Pension Value and NonQualified Deferred Compensation Earnings ($)**	**All Other Compensation ($)**	**Total ($)(10)**
Selim A. Bassoul *Chairman of the Board, President and Chief Executive Officer*	2006	$ 770,000		$ 2,893,400	$ 419,432	$ 4,842,000	$ 977,581 (2)	$ 49,951 (3)	$ 9,952,364
Timothy J. FitzGerald *Vice President and Chief Financial Officer*	2006	$ 250,000		$ 537,200	$ 15,010	$ 823,000 (4)		$ 5,986 (5)	$ 1,631,196
Phil Dei Dolori *Group President*	2006	$ 300,000			$ 110,535	$ 600,000 (9)		14,180 (6)	$ 1,024,715
Mark Sieron *Division Vice President*	2006	$ 161,035			$ 107,973	$ 313,621 (9)		15,957 (7)	$ 598,586
Nazih Ibrahim *Division President*	2006	$ 150,000			$ 19,105	$ 250,000 (9)		4,373 (8)	$ 423,478

NOTES:

1. Mr. Bassoul s 2006 Non-Equity Incentive Plan Compensation consists of $3,500,000 paid under the Management Incentive Compensation Plan and $1,342,000 paid under the Executive Officer Incentive Plan. Details of both incentive plans are outlined in the Compensation Discussion and Analysis.

2. Mr. Bassoul is entitled to a nonqualified defined benefit pension benefit as follows: Upon Mr. Bassoul s retirement on or after the date on which he attains the age of 55 (the Age 55 Retirement Benefit), but in no event prior thereto, he shall be fully vested in a monthly retirement benefit equal to one-twelfth of 50% of his then current base salary, payable for the remainder of his life. If Mr. Bassoul retires after the date on which he attains the age of 60 (the Age 60 Retirement Benefit), he shall be fully vested in a monthly retirement benefit equal to one-twelfth of 62.5% of his then current base salary, in lieu of the age 55 Retirement Benefit, payable for the remainder of his life. If Mr. Bassoul retires after the date on which he attains the age of 65, he shall be fully vested in a monthly retirement benefit equal to one-twelfth of 75% of his then current base salary, in lieu of the age 60 Retirement Benefit, payable for the remainder of his life. The present value of accumulated pension benefits assumes a retirement age of 55, an interest rate of 5.75%, retirement income of $1.65 million, and a length of pension payout of 30 years.

3. All Other Compensation amounts in 2006 for Mr. Bassoul include $25,000 in director s fees for services to the Company and its subsidiaries, $17,907 for a Company provided automobile, $4,400 in Company 401k matching funds, $1,375 Company contribution to Health Savings account, and $1,269 in Company paid Life Insurance benefits. The incremental cost to the Company with respect to the Company-owned automobile provided to Mr. Bassoul is estimated to be less than the $17,907 included in the table representing the taxable income imputed to Mr. Bassoul for personal use of the automobile.

4. Mr. FitzGerald s 2006 Non-Equity Incentive Plan Compensation consisted of $600,000 that was paid out of the Management Incentive Compensation Plan and $223,000 that was paid out of the Executive Officer Incentive Plan. Details of both incentive plans are outlined in the Compensation Discussion and Analysis.

5. All Other Compensation amounts in 2006 for Mr. FitzGerald include $4,400 in Company 401(k) matching funds, a $1,375 Company contribution to a Health Savings account, and $210 in Company paid Life Insurance benefits.

6. All Other Compensation amounts in 2006 for Mr. Dei Dolori include a $7,500 for a Company provided automobile allowance, $4,400 in Company 401k matching funds, a $1,375 Company contribution to a Health Savings account, and $905 in Company paid Life Insurance benefits.

7. All Other Compensation amounts in 2006 for Mr. Sieron include $9,600 Company provided automobile expense allowance, $4,400 in Company 401k matching funds, a $1,375 Company contribution to a Health Savings account, and $582 in Company paid Life Insurance benefits.

8. All Other Compensation amounts in 2006 for Mr. Ibrahim include $2,308 in Company 401(k) matching funds, a $1,375 Company contribution to a Health Savings account, and $690 in Company paid Life Insurance benefits.

9. Reporting person s incentive plan compensation consists solely of Management Incentive Compensation Plan payments. The Management Incentive Compensation Plan is outlined in detail in the Compensation Discussion and Analysis section of this proxy.

10. The proportion of salary (non-performance based compensation) to total compensation for the Named Executive Officers is as follows: Mr. Bassoul, 7.8%, Mr. FitzGerald, 15.3%, Mr. Dei Dolori, 29.3%, Mr. Sieron, 26.9% and Mr. Ibrahim, 35.4%.

Employment Agreements

Selim A. Bassoul

The Company and MM entered into an employment agreement with Mr. Bassoul dated as of December 23, 2004. The agreement provides, among other things, for Mr. Bassoul to serve as

President, Chief Executive Officer, and Chairman of the Board of the Company and of MM for a term ending March 1, 2012. Under the agreement, Mr. Bassoul receives an annual base salary of $770,000.

The employment agreement further provides that Mr. Bassoul is eligible to participate in the Company s Management Incentive Compensation Plan. Under the terms of such plan, if the Company attains certain pre-established performance goals, Mr. Bassoul shall be entitled to receive (i) a target bonus equ