

MIDDLEBY CORP  
Form DEF 14A  
April 02, 2015

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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. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**THE MIDDLEBY CORPORATION**

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(Name of Registrant as Specified In Its Charter)

N/A

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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## Edgar Filing: MIDDLEBY CORP - Form DEF 14A

April 2, 2015

Dear Fellow Stockholders,

As your Board of Directors, we serve as stewards of the oversight and corporate governance of The Middleby Corporation. As elected officials, we consider it a great honor and responsibility to advance stockholder interests and foster a performance-based corporate environment, with our ultimate goal of building long-term stockholder value.

Our Board is segmented into three different committees: Compensation Committee, Audit Committee, and Nominating Committee, each of which are chaired and comprised entirely of independent non-employee Board members. All Board members are elected annually by a majority of stockholders and each Board member contributes extensive professional qualifications from the marketing, finance, mergers and acquisitions and foodservice fields.

The Board proactively engages stockholders for feedback in an effort to continuously improve our corporate governance practices and has resulted in many of the following recent enhancements:

Designation of a lead independent director;

Established a Nominating Committee;

Board Committees chaired by and comprised of independent Board members; and

Implemented a majority vote standard in annual Board of Director elections.

We believe that developing the link between management compensation and creation of shareholder value is a critical component that has fueled the success of the Company. Accordingly, we continuously review these programs to ensure that we have in place a progressive and performance driven framework that incentivizes our management team to be closely aligned with the interests of stockholders. Accordingly the following key elements or enhancements to these compensation programs have been made and reflected in the 2014 and 2015 compensation programs:

Proportion of "At-Risk" pay to weigh more heavily towards stock appreciation and less on cash compensation;

Significant increase in stock ownership requirements for executive management;

Stock and cash bonus plans require attainment of aggressive performance based criteria;

Emphasize Earnings Per Share (EPS) and EBITDA performance metrics within bonus plans to closely align executive management interests with those of our stockholders;

Awarded performance stock grants to a larger audience of Company management;

Eliminated the full excise tax gross-up related to change in control benefits and replaced with an "alternative cap" which results in reduced change in control executive severance benefits; and

Eliminated modified single trigger related to change in control benefits.

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Over the past ten years our Chairman and CEO, Selim A. Bassoul, has deftly guided the Company by delivering to stockholders exceptional operational performance that is centered on building the Company via strategic acquisition and emphasizing rigorous product innovation to fuel organic growth. During this period growth in stockholder value has been impressive:

Revenues have grown 504% from \$271 million to \$1.64 billion;

Diluted EPS growth of 750% from \$0.40 to \$3.40; and

Cumulative Total Stockholder Return (TSR) of 1,073% which is in the top 1% of all US publicly traded companies.

During 2014 the Company continued to deliver impressive operational performance as demonstrated by the following:

2014 TSR of 24%;

2014 EPS growth of 24%;

Record Operating Cash Flow of \$234 million;

Acquired six companies across all operating platforms; and

Continued focus on the release of new products that consume less energy, decrease cooking times and generate greater ROI for our customers.

We hold ourselves accountable to each other and our stockholders and strive for the highest level of integrity in everything that we do.

Thank you for your continued trust and confidence.

The Middleby Corporation Board of Directors

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## Edgar Filing: MIDDLEBY CORP - Form DEF 14A

*1400 Toastmaster Drive  
Elgin, Illinois 60120*

April 2, 2015

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 Tuesday, May 12, 2015, for the following purposes:

- (1) To elect seven directors to hold office until the 2016 Annual Meeting.
- (2) To hold an advisory vote on executive compensation.
- (3) To consider and act on a proposal to ratify the selection of Ernst & Young LLP as independent public accountants of the Company for the current fiscal year ending January 2, 2016.
- (4) 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 20, 2015, 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 2014 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.

The rules of the Securities and Exchange Commission permit us to deliver one Notice of Internet Availability of Proxy Materials to one address shared by two or more of our stockholders. This delivery method is referred to as "householding" and can result in significant cost savings. To take advantage of this opportunity, we have delivered only one Notice of Internet Availability of Proxy Materials to multiple stockholders who share an address, unless we received contrary instructions from the impacted stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate copy of the Notice of Internet Availability of Proxy Materials, as requested, to any stockholders at the shared address to which a single copy of the notice was delivered. If you prefer to receive separate copies of the Notice of Internet Availability of Proxy Materials, contact Broadridge Financial Solutions, Inc. at 800-542-1061 or in writing at Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, New York 11717. If you are currently a stockholder sharing an address with another stockholder and wish to receive only one copy of future Notices of Internet Availability of Proxy Materials for your household, please contact Broadridge Financial Solutions, Inc. at the above phone number or address.

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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*

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*1400 Toastmaster Drive  
Elgin, Illinois 60120*

**2015 ANNUAL MEETING OF STOCKHOLDERS  
May 12, 2015  
PROXY STATEMENT**

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**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 2015 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 Tuesday, May 12, 2015, 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 3, 2015, are being distributed or made available to stockholders on or about April 2, 2015.

Stockholders of record at the close of business on March 20, 2015 (the "Record Date") are entitled to notice of and to vote at the Meeting. On such date there were 57,327,032 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.

Election of each individual director 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 the election of directors, abstentions and broker non-votes will not count as a vote FOR nor a vote AGAINST a nominee and thus will have no effect on the outcome of the vote.



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Approval of the proposal on a non-binding advisory vote on executive compensation and the proposal to ratify the Company's appointment of independent public accountants 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 and broker non-votes will not count as a vote cast either FOR or AGAINST approval of such proposal, and thus will have no effect on the outcome of the vote on such proposals.

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 Advisory Vote on Executive Compensation"; FOR the approval, by an advisory vote, of the 2014 compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission ("SEC"); and

"Proposal No. 3 Ratification of Selection of Independent Public Accountants"; FOR the ratification of the selection of Ernst & Young LLP as the Company's independent public accountants for the current fiscal year ending January 2, 2016.

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 persons have been nominated to serve as a director until the 2016 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:

| <b>Name</b>         | <b>Age</b> | <b>Principal Occupation(s) During Past Five Years and Other Public Directorships</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Director of Company or Predecessor Since</b> |
|---------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Selim A. Bassoul    | 58         | <p>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, an affiliate of the Company, from 1996 to 1999.</p> <p>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.</p>                                                               | 2001                                            |
| Sarah Palisi Chapin | 53         | <p>Chief Executive Officer and board member of Hail Merry, a marketer and manufacturer of gluten-free vegan, raw oil and refrigerated dessert snacks, since 2009. Director of Caribou Coffee Company, Inc., from 2007 to 2013. Partner in The Chain Gang, a restaurant investment consultancy and advisory practice, from 2004 to 2009. Chief Executive Officer of Enersyst Development Center from 1995 to 2003. Vice President of Worldwide Business Strategy of Burger King Corporation from 1990 to 1995.</p> <p>Ms. Chapin brings more than three decades of experience in the food service industry, including a comprehensive understanding of strategy, franchising, commercial kitchen technology, brand management, product development, marketing, operational excellence, market expansion and acquisition strategy.</p> | 2013                                            |

| Name               | Age | Principal Occupation(s) During Past Five Years and Other Public Directorships                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Director of Company or Predecessor Since |
|--------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Robert B. Lamb     | 73  | <p>Special Adjunct Professor of Management at the Leonard N. Stern School of Business at New York University since 2011; Clinical Professor of Management from 1977 to 2011. 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.</p> <p>Mr. Lamb's expertise in domestic and international economics provides unique insight into current economic trends and international business opportunities.</p>                                                                         | 2005                                     |
| John R. Miller III | 74  | <p>Chairman and Chief Executive Officer of EOP, Inc., publisher of special market trade magazines since 1968; Sales Manager, Procter &amp; Gamble, Packaged Soap Division, 1964 to 1968. Director Emeritus of First National Bank of Long Island and its holding company, the First of Long Island Corporation.</p> <p>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.</p>                                                                                                                                                         | 1978                                     |
| Gordon O'Brien     | 49  | <p>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.</p> <p>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.</p> | 2005                                     |

| Name                                                                                                                                                                                                                                          | Age | Principal Occupation(s) During Past Five Years and Other Public Directorships                                                                                                                                                                                                                                     | Director of Company or Predecessor Since |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Philip G. Putnam                                                                                                                                                                                                                              | 74  | President of 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                                                                                                                                                                                                                             | 73  | 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**

Election of each individual director nominee 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 the election of directors, abstentions and broker non-votes will not count as a vote FOR nor a vote AGAINST a nominee and thus will have no effect on the outcome of the vote.

The Board adopted a policy on May 14, 2013, which requires any director who does not obtain a majority of votes cast in an uncontested election to promptly tender his or her resignation to the Chairman of the Board for consideration by the Board. The Nominating Committee will then consider the resignation and recommend appropriate action to the Board. The Board is required to take formal action on the Nominating Committee's recommendation no later than 90 days following the date of the stockholders' meeting at which the election of directors occurred. In considering the Nominating Committee's recommendation, the Board shall consider the information, factors and alternatives considered by the Nominating Committee and such additional information, factors and alternatives as the Board deems relevant. Following the Board's decision on the Nominating Committee's recommendation, the Company, within four business days after such decision is made, shall publicly disclose, in a Form 8-K filed with the Securities and Exchange Commission, the Board's decision, together with an explanation of the process by which the decision was made and, if applicable, the Board's reason or reasons for rejecting the tendered resignation.

**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 during the fiscal year ended January 3, 2015, 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 2014 Annual Meeting of Stockholders. Current directors, Ms. Chapin and Messrs. Putnam, Streeter, Miller, O'Brien, and Lamb, 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, a Compensation Committee and a Nominating Committee.

***Audit 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 3, 2015, the Audit Committee was comprised of Messrs. Putnam (Chairman), Streeter and Lamb, and met four times for the purposes of (i) approving the selection of the Company's independent auditor; (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 auditor; 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](http://www.middleby.com).

***Compensation Committee***

During the fiscal year ended January 3, 2015, the Compensation Committee met three times and was comprised of Messrs. Miller (Chairman) and O'Brien and Ms. Chapin. The function of the Compensation Committee is to make recommendations concerning the compensation of the Chairman of the Board, the President and CEO, 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 2011 Long-Term Incentive Plan (the "LTIP") and for administering the Company's 1998 Stock Incentive Plan, 2007 Stock Incentive Plan and Value Creation 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. Effective May 8, 2011, the LTIP superseded the 2007 Stock Incentive Plan and, after that date, grants could no longer be made out of the 2007 Stock Incentive Plan. 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 has a written charter which was effective as of June 28, 2013, and is currently available in the "Investor Relations" section of the Company's website, located at [www.middleby.com](http://www.middleby.com).

The Compensation Committee has retained Meridian Compensation Partners ("Meridian") since August 2012 to advise regarding Board and executive compensation. During 2014, Meridian was not given a

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narrow list of instructions, but rather was engaged to provide information and advice that might assist the Compensation Committee in performing its duties, including: (i) review of the Company's proxy disclosed peer group, (ii) a competitive analysis of compensation for the CEO position, (iii) advice related to compensation structure, (vi) information related to market trends and practices, and (v) updates related to regulatory changes impacting executive pay. While the Meridian guidance has been a valuable resource for the Compensation Committee in identifying compensation trends and competitive practices, the Compensation Committee is not bound to adhere to the advice or recommendations that Meridian may provide to the Compensation Committee. The Compensation Committee considers Meridian to be an independent advisor as a result of the following factors:

Meridian was retained by, and reports directly to, the Compensation Committee;

Meridian has provided no services to the Company in the past four years (other than services in connection with its retention by the Compensation Committee beginning in August 2012);

We were advised by Meridian that it has internal policies and procedures intended to prevent conflicts of interest;

There are no business or personal relationships between Meridian's lead consultant and members of the Compensation Committee; and

We were advised by Meridian that its lead consultants on the Company's account do not own any Common Stock.

### *Nominating Committee*

During the fiscal year ended January 3, 2015, the Nominating Committee met two times and was comprised of Messrs. Putnam (Chairman), Miller and O'Brien.

The Nominating Committee discusses, reviews and evaluates potential director candidates and recommends potential director candidates to the full Board for election by the stockholders or appointment to the Board, as the case may be, pursuant to the Bylaws. The full Board then considers the potential director candidates who have been recommended by the Nominating Committee. In identifying and selecting director candidates, the Nominating Committee and the Board consider a variety of factors, including, but not limited to, a candidate's experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the Nominating Committee considers appropriate in the context of the needs of the Board. The Nominating Committee has a written charter which was effective as of February 22, 2013, and is currently available in the "Investor Relations" section of the Company's website, located at [www.middleby.com](http://www.middleby.com).

Because the Company's stockholders rarely, if ever, have recommended potential director candidates, the Nominating Committee and the Board do not have a formal policy at this time for consideration of potential director candidates recommended by the Company's stockholders, but the Nominating Committee will give due consideration to any and all such candidates under the same criteria as internally generated candidates. 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.

## 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 lead independent director acts as an intermediary between the Board and senior management. Among other things, the lead independent director is responsible for 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.

Executive sessions of the independent directors are held in conjunction with regularly scheduled meetings of the Board and as otherwise deemed necessary. Mr. O'Brien has served as lead independent director of the Board since March 2010.

The Company believes the positions of Chairman and 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.

## Board Compensation Structure

Under our Board compensation policy, during the fiscal year ended January 3, 2015, the lead independent director received an annual retainer of \$55,000 and each other nonemployee director received an annual retainer of \$65,000, with the respective Audit and Compensation Committee Chairmen receiving an additional \$15,000 annual retainer and the Nominating Committee Chairman receiving an additional \$5,000 annual retainer. No additional meeting fees are paid to our nonemployee directors or our directors who are also officers of the Company. Compensation paid to our nonemployee directors in 2014 is shown in the Director Compensation for Fiscal Year 2014 Table appearing on page 36.

On February 24, 2014, the lead independent director of the Board was awarded 1,950 shares of restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) and each other nonemployee member of the Board was awarded 1,500 shares of restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) pursuant to the LTIP. These shares of restricted stock were scheduled to vest and became vested on March 15, 2015 based on continued service.

## 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 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. The Nominating Committee is responsible for recommending to the Board individuals qualified to serve as directors 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](http://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:

| <b>Name</b>           | <b>Age</b> | <b>Principal Occupation(s) During Past Five Years</b>                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Selim A. Bassoul      | 58         | President, Chief Executive Officer and Chairman of the Board of the Company and its principal subsidiary, 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 | 45         | 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          | 58         | Chief Operating Officer of the Company's Commercial Foodservice Equipment Group 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     | 50         | 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.                                                                                                                                                                                                                                                         |

10

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**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 2014 was composed of the following outside directors, each of whom is "independent" in accordance with the NASDAQ governance rules: John R. Miller III, Chairman, Gordon O'Brien, and Sarah Palisi Chapin. 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**

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. This summary contains a discussion of our 2014 performance, our 2014 executive compensation highlights, and our prior year say-on-pay results.

**2014 Company Performance**

The executive team led by Mr. Bassoul, our CEO, has driven the performance of the Company, outperforming its peers in many respects, including for the past fiscal year. For example, our 2014 financial performance on Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") was above the peer group median. The peer group for this purpose is discussed below on page 17. On a three-year basis (FYE 2012 - FYE 2014), the Company's TSR was 216.1% versus a peer group median TSR of 60.1%. Over the same period, the Company's EPS growth was 94.3% versus a peer group median EPS growth of 12.9%. On a five-year basis (FYE 2010 - FYE 2014), the Company's TSR was 506.5% versus a peer group median TSR of 123.6% and the Company's EPS growth was 210.9% versus a peer group median EPS growth of 51.5%. This illustrates the strong performance of the executive team over a number of years in the face of varying economic conditions.

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

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The chart below highlights the Company's financial performance over a ten-year period:

In addition to the financial achievements described and highlighted graphically above, the Company also:

Realized 14.5% growth in net revenue and record operating cash flow of \$234 million, a 60% increase;

Successfully completed the acquisitions of Market Forge, certain members of the former Viking Range distribution network, Processing Equipment Solutions, Concordia Coffee and U-Line;

Created Middleby Advantage, which is a customizable and convenient service that delivers parts to commercial food service end-users quickly;

Aggressively increased beverage market product line;

Made additional investments in innovative technologies designed to reduce energy usage, water consumption, cooking times and operating costs, as well as decrease operator labor costs through automation; and

Leveraged existing international infrastructure to support worldwide sales and service of the Residential Kitchen Equipment Group.

### **Highlights of 2014 Compensation Program**

Our compensation mix for 2014 was a combination of base salary, annual cash bonus and long-term incentive awards delivered in the form of performance-based equity grants. We note that in 2012 and 2013, however, the compensation mix for our Named Executive Officers consisted of base salary and annual cash bonus only, since no equity incentive awards were made in those years. Beginning in 2014, based in part on feedback from our stockholder outreach initiative, the Committee granted one-year performance-based equity incentive awards to both the CEO and CFO and intends to continue this practice on an annual basis going forward. Additionally, the Committee granted three-year performance-based equity incentive awards to both the COO and Corporate Treasurer.

The 2014 annual cash bonus plan and equity incentive awards focus on increasing both earnings before interest, taxes, depreciation and amortization ("EBITDA") and EPS, without encouraging



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unnecessary or excessive risk-taking. The Committee and management have continually reviewed and considered other performance metrics, but have determined for 2014 that EBITDA and EPS directly link to the Company's business strategy, are measures by which the Company is commonly evaluated externally by analysts and investors, and are the best indicators of the Company's financial and operational performance.

As described below, on February 24, 2014, the Company made awards of performance-based restricted stock to each of the Named Executive Officers pursuant to the terms of the LTIP. The shares of restricted stock are earned based on the level of EBITDA and EPS achieved over a specified time period. For Mr. Bassoul and Mr. FitzGerald, the performance was measured over a one-year period and for Mr. Brewer and Mr. Lindsay, the performance is measured over a three-year period.

As discussed and illustrated in the description of Compensation Programs, Objectives and Philosophy below, the compensation structure for our Named Executive Officers reflects our pay for performance philosophy as evidenced by the following:

Equity incentive awards in recent years have been made solely in the form of performance-based restricted 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 a large portion of total direct compensation paid to the Named Executive Officers.

Because of its desire to reinforce a performance-based culture and high-growth strategy, 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 CFO, with variable pay in terms of annual cash bonus and equity incentives accounting for the remaining portion. The mix varies by position, taking into account each position's ability to influence results. The following charts provide the 2014 mix for target total compensation for the CEO and CFO:

### 2014 Target Compensation

**Selim A. Bassoul**

**Timothy J. FitzGerald**

### Prior Year Say on Pay Results

At the May 6, 2014 stockholders' meeting, the "Advisory Vote on Executive Compensation" proposal (the "say on pay" proposal) with respect to our executive compensation programs for 2013 was approved with the support of 53.3% of the votes cast, which excludes abstentions and broker non-votes. This increase in shareholder support for our executive compensation programs as compared to the results of our 2013 say on pay vote occurred after we had implemented significant changes relating to

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our executive compensation programs for 2014, as discussed below under the heading "Summary of Key Changes to Executive Compensation Practices for 2014." The Committee continues to communicate regularly with our shareholders to understand their views with respect to our approach to executive compensation. We believe that the significant changes relating to our executive compensation programs that were put in place for 2014 should be given a reasonable amount of time to prove their effectiveness at linking executive compensation with operating performance and stockholder interests. Accordingly, the Committee has continued the existing pay practices established with respect to 2014 compensation and has not made significant changes for 2015.

### Summary of Key Changes to Executive Compensation Practices for 2014

As a result of stockholder outreach conducted in 2013 and early 2014 and recent corporate growth, for 2014 Mr. Bassoul voluntarily recommended to the Committee to decrease his existing compensation arrangement and, in order to drive outstanding operational performance, encouraged the Committee to reallocate the newly available compensation funds deeper into the Company's management team in the form of incentive compensation pay that is at-risk and variable based on performance. The resulting compensation changes drove the development of a new executive compensation program with renewed emphasis on more challenging performance targets, a decrease in both the target and maximum annual cash bonus, and beginning in 2014, the replacement of the three-year LTIP stock grant in favor of an annual performance-based stock grant for the CEO and the CFO. In particular, the change from the front-loaded three-year LTIP grant structure to an annual performance-based grant structure allows the Committee greater control over the performance goals designed to drive Company performance consistently, year over year.

### Changes to Mr. Bassoul's 2014 Compensation Structure

Based on Mr. Bassoul's compensation recommendations, the Committee implemented the following changes to the Company's executive compensation program for 2014:

Increased the target EPS and EBITDA performance metrics necessary to earn the cash bonus to 14%;

Reduced EPS target cash bonus compensation for the CEO from \$3,000,000 to \$875,000;

Reduced EPS maximum cash bonus compensation for the CEO from \$4,000,000 to \$1,750,000;

Reduced EBITDA target cash bonus compensation for the CEO from \$3,000,000 to \$875,000;

Reduced EBITDA maximum cash bonus compensation for the CEO from \$4,000,000 to \$1,750,000;

Decreased target cash bonus payouts for the CEO by over 70%;

Decreased maximum cash bonus payouts for the CEO by over 56%;

Changed the portion of at-risk pay to weigh more heavily towards stock performance less on the cash bonus;

Replaced the three-year LTIP grant for the CEO and CFO with a one-year performance-based stock grant with a minimum annual payout only when both minimum EPS and EBITDA growth targets are achieved; and

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Set the CEO's targeted equity incentive grant value for 2014 at \$1,625,000, with a highly leveraged maximum opportunity to earn up to 400% of the target number of shares for achieving significant financial results.

### Corporate Governance Highlights

We continue to implement and maintain leading practices in our executive compensation program, stockholder outreach and related areas. These practices include:

- ii Risk Mitigation
- ii No "Gross-ups"
- ii No Hedging or Pledging
- ii No Repricing
- ii Stock Ownership Requirements
- ii Investor Outreach
- ii Independent Compensation Consultant

Further, we have recently enhanced our corporate governance practices with the following actions:

Modified the equity incentive grant process such that grants to the CEO and CFO are made on an annual basis beginning in 2014 (prior practice incorporated sporadic grants that were typically made every three years); this structure will enable the Committee to reward results tied to the Company's business goals for each year and will have the effect of lowering individual grant totals;

Adopted a formal, written Compensation Committee charter;

Adopted a majority voting standard for uncontested director elections;

Increased the stock ownership requirement for the CEO from 3 times base salary to 6 times base salary; and

Formed a Nominating Committee of our Board of Directors to further ensure independent oversight of our director election practices.

In addition to the recently adopted actions above, the Company has committed to adopting a recoupment ("clawback") policy once final rules are established by the SEC.

We encourage you to read the CD&A for a detailed discussion and analysis of our executive compensation program, including information about the 2014 compensation of the Named Executive Officers described in the tables that follow.

## Discussion and Analysis

### 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 price on the market for the Company's stockholders.

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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 provides 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 corporate and, in certain cases, individual goals described further below, in order to drive and increase stockholder value.

**Link Executive Equity Incentive Compensation with Stockholder Interests** The Committee believes that granting equity-based awards using vehicles such as stock options, restricted stock, stock appreciation rights, or performance stock, aligns the interests of the 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. Equity incentive compensation granted to the Named Executive Officers in recent years has been solely in the form of performance stock to (i) align the interests of executives, including the Named Executive Officers, with stockholder interests and (ii) to tie performance goals and payouts directly to metrics that have been identified as critical drivers of financial and operational success and strategic objectives.

**Facilitate a High-Growth Company Strategy** The Committee provides incentive compensation that rewards executives for exceptional growth in earnings, which then results in strong stock price performance and growth in market capitalization. Incentive compensation goals are set at "stretch" levels, resulting in awards that out-perform the market when company performance out-performs the market.

**Deductibility Under Section 162(m) of the Code** For 2014, the performance based compensation provided to the Named Executive Officers subject to Section 162(m) of the Internal Revenue Code (the "Code") was structured to comply with the requirements that qualify the compensation as tax deductible to the Company. However, the Committee reserves the right to pay compensation that may be non-deductible to the Company if it determines that doing so would be in the best interests of the Company.

### Role of the Compensation Committee

The Committee, consisting entirely of independent directors, has the responsibility for establishing, implementing, and monitoring adherence with the Company's compensation program and providing input to the Board with respect to management development and succession planning. The role of the Committee is to oversee, on behalf of the Board and for the benefit of the Company and its stockholders, the Company's compensation and benefit plans. For additional information on the members, structure, scope of authority and operation of the Committee, see "Compensation Committee" and "Proposal No. 1 Election of Directors."

The Committee makes all decisions over total direct compensation for our Named Executive Officers and other members of senior management, which involves decisions regarding base salary, annual cash bonuses and equity incentive 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 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 his review, the CEO develops a recommendation to the Committee for each executive's annual base salary, annual incentive plan opportunity and payout, and the basis for equity-based grants. The Committee uses the same methodology to establish the annual base salary, annual incentive plan opportunity and payout, and equity incentive award for the CEO. For Mr. Bassoul's 2014 compensation structure, the Committee reviewed external pay data developed by Meridian referencing two different peer groups, as discussed below.

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 cash bonus to be paid. Target performance levels are set to be in line with the Company's annual budget and growth objectives. Target performance levels for the CEO are recommended by the Committee to the Board for review and approval and target performance levels for the other Named Executive Officers are recommended by the CEO to the Committee for review and approval. The target total direct compensation of the Named Executive Officers and senior management of the Company is set at levels intended to be competitive in order to retain the executive talent that has driven the historically strong performance of the Company and attract new talent to continue strong performance and leadership.

The Committee determines compensation levels based on the discretionary judgment and experience of the Committee members, with regards to the executive officers' experience in their respective roles, tenure with the Company, recent individual performance contributions, expected future performance contributions and critical retention needs. In setting compensation levels for the 2014 fiscal year, the Committee reviewed compensation data provided by Meridian when setting 2014 target pay levels for Mr. Bassoul (for a detailed discussion, refer to the section below titled "Peer Group Use for 2014 Pay Decisions"). The Committee generally did not utilize external compensation data, surveys or indices as a basis for either the total direct compensation or a material portion of compensation paid to the other Named Executive Officers for 2014.

### **Development of the Peer Group**

In 2010, the Committee approved a peer group of 13 companies in comparable industries (the "Proxy Peer Group") with median revenues approximating those of the Company at that time, for purposes of serving as a reference point for compensation levels, rather than a formula for establishing specific pay levels. However, the Proxy Peer Group was not intended to supplant Committee judgment. The Committee did not engage in formal benchmarking in setting executive compensation in 2014.

The companies in the Proxy Peer Group (whose median 2012 revenues were \$1.122 billion) include: Barnes Group Inc., Chart Industries, Inc., Circor International, Inc., Clarcor Inc., Colfax Corporation, Dover Corporation, Graco Inc., IDEX Corporation, John Bean Technologies Corporation, Kaydon Corporation, The Manitowoc Company, Papa John's International Inc., and Standex International Corporation.

**Peer Group Use for 2014 Pay Decisions**

In reviewing the 2014 compensation structure for Mr. Bassoul, the Committee reviewed compensation data compiled by Meridian in July 2013 for the CEO positions at companies in the Proxy Peer Group. In addition, the Committee asked Meridian to develop a second peer group comprised of "high-performing" companies of similar revenue size, based on several financial performance metrics including sales growth, operating income growth, net income growth, return on invested capital, and total shareholder return. The Committee wanted to consider the compensation opportunity provided to CEOs at companies that achieved exceptional long-term financial results similar to those of the Company. The resulting "High-Performing Peer Group" included 19 companies with median 2012 revenues, the latest available revenue information at the time the High-Performing Peer Group was considered by the Committee at the end of 2013, of \$1.014 billion. The companies in the High-Performing Peer Group (along with their respective 2012 revenues) are listed in the table below. With the support and cooperation of Mr. Bassoul, the Committee reviewed the compensation data for both peer groups, as well as feedback obtained from shareholder outreach efforts. Under Mr. Bassoul's leadership, the Committee also considered the fact that over the five-year period from 2009 through 2013 the Company delivered a total shareholder return of 779.1% and annual average Return on Equity of 20.4% despite a challenging economic environment. Notwithstanding the superior performance of the executive team (in particular, Mr. Bassoul) and the substantial increase in stockholder value versus High-Performing Peer Group over the last ten years, Mr. Bassoul suggested and encouraged the Committee to restructure his compensation opportunity for 2014. The modified 2014 pay opportunity for Mr. Bassoul resulted in target total compensation that approximates the 75<sup>th</sup> percentile of the High-Performing Peer Group companies.

**High Performing Peer Group**

(\$ millions)

| <b>Company</b>                           | <b>FYE 2012<br/>Revenues</b> | <b>Company</b>                                  | <b>FYE 2012<br/>Revenues</b> |
|------------------------------------------|------------------------------|-------------------------------------------------|------------------------------|
| American Railcar Industries Inc.         | \$ 712                       | Lindsay Corporation                             | \$ 551                       |
| AZZ Incorporated                         | \$ 571                       | MasTec, Inc.                                    | \$ 3,727                     |
| B/E Aerospace, Inc.                      | \$ 3,085                     | MSC Industrial Direct Co., Inc.                 | \$ 2,356                     |
| Chart Industries, Inc.                   | \$ 1,014                     | MYR Group Inc.                                  | \$ 999                       |
| Ducommun Incorporated                    | \$ 747                       | Titan International, Inc.                       | \$ 1,821                     |
| Dxp Enterprises, Inc.                    | \$ 1,097                     | Titan Machinery, Inc.                           | \$ 2,198                     |
| Franklin Electric Co., Inc.              | \$ 891                       | Transdigm Group Incorporated.                   | \$ 1,700                     |
| Freightcar America, Inc.                 | \$ 677                       | Valmont Industries, Inc.                        | \$ 3,030                     |
|                                          |                              | Westinghouse Air Brake Technologies Corporation | \$ 2,391                     |
| Graco Inc.                               | \$ 1,012                     |                                                 |                              |
| Lincoln Educational Services Corporation | \$ 403                       |                                                 |                              |
| <b>The Middleby Corporation.</b>         | <b>\$ 1,038</b>              | <b>Peer Group Median</b>                        | <b>\$ 1,014</b>              |

**The Elements of the Company's Compensation Program**

The Company's compensation program is generally divided into three elements: (1) base salary, (2) annual cash incentive programs and (3) 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

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and CFO have the greatest 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 at 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 the Named Executive Officers for the 2014 fiscal year. For Mr. Bassoul and Mr. FitzGerald, the Committee determined that no changes were necessary for the 2014 fiscal year. However, the Committee approved base salary increases for Mr. Brewer and Mr. Lindsay. The Committee determined to increase Mr. Brewer's base salary based on his leadership of the Middleby National Sales organization and growth of key chain restaurant relationships. Mr. Lindsay's base salary was increased due to increased corporate responsibilities.

| Named Executive Officer | 2013 Base<br>Salary | 2014 Base<br>Salary | %<br>Change |
|-------------------------|---------------------|---------------------|-------------|
| Selim A. Bassoul        | \$ 1,000,000        | \$ 1,000,000        | 0%          |
| Timothy J. FitzGerald   | \$ 575,000          | \$ 575,000          | 0%          |
| David Brewer            | \$ 400,000          | \$ 525,000          | 31%         |
| Martin M. Lindsay       | \$ 140,000          | \$ 180,000          | 29%         |

### **Annual Performance-Based Incentive Programs**

#### **Value Creation Incentive Plan**

In 2011, the Board adopted a cash-based incentive compensation plan designed to allow performance-based compensation to qualify as such under Section 162(m) of the Code. The Value Creation Incentive Plan ("VCIP") enables the Company to establish stringent performance conditions for payment with respect to multiple goals, provides the Committee with the flexibility to address changing business needs, and allows the Company to continue to take advantage of tax deductions for compensation paid for achievement of performance goals. The VCIP is 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.

The Committee has the discretion to determine which of the Named Executive Officers are eligible to participate in the VCIP. During 2014, each of the Named Executive Officers participated in the VCIP. Payment of VCIP awards is made subject to the attainment of the pre-established written performance goals approved by the Committee prior to the 90<sup>th</sup> day following the beginning of the Company's fiscal year. For 2014, the performance goals were based upon achievement of dual EBITDA and EPS goals for the fiscal year.

As discussed above, the Committee and management have determined that EBITDA and EPS are the most appropriate goals by which to measure and reward company performance as they directly link to the Company's business strategy, reflect how the Company is evaluated externally and are the strongest indicators of financial and operational success. As established by the Committee, a target level of performance was required to be met on both the EBITDA and the EPS metrics in order for the full target bonus to be earned; if performance was below target on one or both metrics, no bonus would be earned for the applicable metric. Tiered performance goals above the target EBITDA and EPS goals were established, which if met, lead to an incrementally higher annual bonus.

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EBITDA and EPS goals are set annually based on an analysis of historical growth rates of each metric, as well as an analysis of industry and analyst growth expectations. As shown in the summary table below, each metric was weighted at 50%.

The following table shows 2014 actual EBITDA and EPS as compared to the target EBITDA and EPS goals and the corresponding payout to each Named Executive Officer.

| Name                         | Target      |                     | Target       |                     | Actual Performance | Actual Payout (\$) |
|------------------------------|-------------|---------------------|--------------|---------------------|--------------------|--------------------|
|                              | Payout (\$) | Maximum Payout (\$) | Performance  | Maximum Performance |                    |                    |
| <b>Selim A. Bassoul</b>      |             |                     | EPS          | EPS                 | +24%               |                    |
|                              | 875,000     | 1,750,000           | Growth + 14% | Growth + 20%        | Growth             | 1,750,000          |
|                              |             |                     | EBITDA       | EBITDA              | +21%               |                    |
|                              | 875,000     | 1,750,000           | Growth + 14% | Growth + 20%        | Growth             | 1,750,000          |
| <b>Timothy J. FitzGerald</b> |             |                     | EPS          | EPS                 | +24%               |                    |
|                              | 625,000     | 1,250,000           | Growth + 14% | Growth + 20%        | Growth             | 1,250,000          |
|                              |             |                     | EBITDA       | EBITDA              | +21%               |                    |
|                              | 625,000     | 1,250,000           | Growth + 14% | Growth + 20%        | Growth             | 1,250,000          |
| <b>David Brewer</b>          |             |                     | EPS          | EPS                 | +24%               |                    |
|                              | 196,875     | 262,500             | Growth + 14% | Growth + 20%        | Growth             | 262,500            |
|                              |             |                     | EBITDA       | EBITDA              | +21%               |                    |
|                              | 196,875     | 262,500             | Growth + 14% | Growth + 20%        | Growth             | 262,500            |
| <b>Martin M. Lindsay</b>     |             |                     | EPS          | EPS                 | +24%               |                    |
|                              | 75,000      | 100,000             | Growth + 14% | Growth + 20%        | Growth             | 100,000            |
|                              |             |                     | EBITDA       | EBITDA              | +21%               |                    |
|                              | 75,000      | 100,000             | Growth + 14% | Growth + 20%        | Growth             | 100,000            |

Target bonus amounts for each Named Executive Officer were established by the Committee using its judgment as to appropriate levels of incentive compensation that could be potentially paid to executives relative to the stockholder value created by achieving the EBITDA and EPS goals. For 2014, actual EBITDA achieved was \$359 million and actual EPS was \$3.40. Performance of each metric exceeded the maximum goal, and each of the Named Executive Officers earned the maximum payout level.

EBITDA is determined by the Committee as net income subject to adjustment to reflect the impact of specific extraordinary items not reflected in the goals. Under the VCIP, the EBITDA calculation does not include foreign exchange gains/losses but does include all bonuses and incentive compensation payable, including VCIP payments, to Company employees for the applicable year.

Payments of VCIP bonuses, if any, are made after the completion of the Company's fiscal year end audit and only after the Committee certifies, in writing, that the goals with respect to which VCIP payments are to be made have been attained.

The bonus awarded to each Named Executive Officer in respect of 2014 performance under the VCIP is reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table below.

**Equity-Based Incentive Compensation**

**Grants Under the LTIP and 2007 Stock Incentive Plan**

Prior to 2014, the Committee had not established a schedule or pattern for granting equity incentive-compensation. Beginning in 2014, however, the Committee granted one-year performance-based equity incentive awards under the LTIP to both the CEO and CFO and intends to continue this practice on an annual basis going forward. Additionally, the Committee granted three-year performance-based equity incentive awards under the LTIP to both the COO and Corporate Treasurer. These awards are not intended to be annual and are based on a three-year vesting schedule and performance requirements intended to provide a strong retention incentive. No equity incentive awards were made in 2012 or 2013 to any of the Named Executive Officers due to the Committee's objective of providing "front-loaded" equity awards subject to vigorous performance criteria prior to 2014. Prior to 2014, the Committee last made equity incentive awards in 2011 under the 2007 Stock Incentive Plan, subject to performance over the three-year period of 2011 through 2013.

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Equity incentive awards are granted pursuant to the LTIP, an equity-based incentive plan, which was approved by the Company's stockholders effective May 8, 2011. The LTIP encourages the Named Executive Officers, non-employee Board members and senior management of the Company and its subsidiaries to have common stock ownership in the Company and further aligns the interests of the Named Executive Officers, Board members 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 LTIP.

The Committee may also make grants at varying times of the year, generally in connection with new employment arrangements or promotions. The CEO will make recommendations to the Committee regarding award levels for executive officers other than the CFO. 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.

### 2014 Equity Incentive Awards

On February 24, 2014, the Company made awards of performance-based restricted stock to each of the Named Executive Officers pursuant to the terms of the LTIP. The shares of restricted stock are earned based on the achievement level of EBITDA and EPS over a specified time period. For Mr. Bassoul and Mr. FitzGerald, the performance is measured over a one-year period and for Mr. Brewer and Mr. Lindsay, the performance is measured over a three-year period. The following number of restricted shares, which do not reflect the Company's 3-for-1 stock split on June 27, 2014, were granted to each of the Named Executive Officers assuming maximum performance levels are achieved: Mr. Bassoul: 24,678 (6,170 at target), Mr. FitzGerald: 10,441 (2,610 at target), Mr. Brewer: 8,000 (2,000 at target), and Mr. Lindsay: 2,500 (625 at target).

For Mr. Bassoul and Mr. FitzGerald, the following chart specifies the percentage of maximum shares earned at various levels of EBITDA growth and EPS growth over the one-year performance period ending December 27, 2014:

#### 2014 EPS Growth

| 2014<br>EBITDA<br>Growth | 14.0%<br>(Target) | 15.0% | 16.0% | 17.0% | 18.0% | 19.0% | 20.0%<br>(Maximum) |
|--------------------------|-------------------|-------|-------|-------|-------|-------|--------------------|
| 14.0%<br>(Target)        | 25%               | 30%   | 35%   | 45%   | 60%   | 65%   | 70%                |
| 15.0%                    | 30%               | 35%   | 50%   | 60%   | 65%   | 70%   | 75%                |
| 16.0%                    | 35%               | 50%   | 60%   | 65%   | 70%   | 75%   | 80%                |
| 17.0%                    | 45%               | 60%   | 65%   | 70%   | 75%   | 80%   | 85%                |
| 18.0%                    | 60%               | 65%   | 70%   | 75%   | 80%   | 85%   | 90%                |
| 19.0%                    | 65%               | 70%   | 75%   | 80%   | 85%   | 90%   | 95%                |
| 20.0%<br>(Maximum)       | 70%               | 75%   | 80%   | 85%   | 90%   | 95%   | 100%               |

Actual EBITDA growth was 21.1% and actual EPS growth was 24.1%. Based on these 2014 performance levels, Mr. Bassoul and Mr. FitzGerald each earned the maximum number of restricted shares. These earned shares vested in March 2015 following certification by the Committee.

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For Mr. Brewer and Mr. Lindsay, the following chart specifies the percentage of maximum shares earned at various levels of cumulative EBITDA and cumulative EPS achieved over the three-year performance period ending December 31, 2016:

| <b>3-Year Cumulative</b> | <b>3-Year Cumulative EPS</b> |         |         |         |         |         |         |
|--------------------------|------------------------------|---------|---------|---------|---------|---------|---------|
| <b>EBITDA</b>            | \$10.73                      | \$10.93 | \$11.13 | \$11.33 | \$11.54 | \$11.74 | \$11.95 |
| \$1,159                  | 25%                          | 30%     | 35%     | 45%     | 60%     | 65%     | 70%     |
| \$1,180                  | 30%                          | 35%     | 50%     | 60%     | 65%     | 70%     | 75%     |
| \$1,201                  | 35%                          | 50%     | 60%     | 65%     | 70%     | 75%     | 80%     |
| \$1,223                  | 45%                          | 60%     | 65%     | 70%     | 75%     | 80%     | 85%     |
| \$1,245                  | 60%                          | 65%     | 70%     | 75%     | 80%     | 85%     | 90%     |
| \$1,268                  | 65%                          | 70%     | 75%     | 80%     | 85%     | 90%     | 95%     |
| \$1,290                  | 70%                          | 75%     | 80%     | 85%     | 90%     | 95%     | 100%    |

The restricted shares granted to Mr. Brewer and Mr. Lindsay will vest in March 2017, following certification by the Committee of the achievement of the performance goals.

### ***Stock Ownership Requirement***

The Company requires the Named Executive Officers and senior executives to maintain a minimum multiple of base salary in the form of Common Stock ownership. Unexercised stock options are not considered in calculating the stock ownership requirement. The base salary multiples are set by the Committee and are set at levels consistent with the individual's level of responsibility within the Company. If a participant in the Company's annual performance-based incentive plans meets or exceeds their stock ownership requirement, then they are eligible to receive 100% of their annual bonus in cash. If a participant does not meet the applicable stock ownership requirement, then a maximum of one-third of his or her annual bonus will be used to purchase Common Stock on the participant's behalf. This policy will continue under all annual performance-based incentive plans maintained by the Company.

The stock ownership requirements for the Named Executive Officers as of January 3, 2015, are as follows:

| <b>Named Executive Officer</b> | <b>Stock Ownership Requirement (multiple of base salary)</b> | <b>Stock Ownership Requirement (shares)</b> | <b>Actual Stock Ownership (shares)</b> |
|--------------------------------|--------------------------------------------------------------|---------------------------------------------|----------------------------------------|
| Selim A. Bassoul               | 6 × base salary                                              | 60,583                                      | 792,603                                |
| Timothy J. FitzGerald          | 2 × base salary                                              | 11,612                                      | 230,514                                |
| David Brewer                   | 2 × base salary                                              | 10,602                                      | 50,670                                 |
| Martin M. Lindsay              | 2 × base salary                                              | 3,635                                       | 89,682                                 |

### ***Post-Employment Benefits***

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"), he will 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. This percentage increases ratably, depending upon the age of the CEO at the time of his retirement. If the CEO retires after the date on which he attains the age of 60 (the "Age 60 Retirement Benefit"), he will be fully vested in a monthly

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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 will 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 55 Retirement Benefit and the Age 60 Retirement Benefit, payable for the remainder of his life. Mr. Bassoul is currently age 58 and is vested in the pension benefits provided under his employment agreement. The estimated monthly retirement benefit payable to the CEO based on his base salary as of January 3, 2015, would be \$41,666 at the retirement age of 58, \$52,083 at the retirement age of 60, and \$62,500 at the retirement age of 65. The CEO and his dependents are generally entitled to continue to participate in all health and medical plans and programs which the Company maintains for its senior executives and their dependents for life, subject to any Medicare coverage being the primary coverage.

The Company does not provide a defined benefit pension plan for the Named Executive Officers other than the CEO.

### *Limited Perquisites*

The Named Executive Officers 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 exceeding \$10,000 per fiscal year. The CEO is provided 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.

### *Employment Agreements*

To attract and retain highly skilled executives and to provide for certainty regarding rights and obligations, the Company has historically provided employment agreements to certain of its executive officers. The Committee believes that its employment agreements are crucial to the success of the Company in retaining the services of Mr. Bassoul, our Chairman, CEO and President, and Mr. FitzGerald, our CFO. The Company's employment agreement with Mr. Bassoul, entered into on January 21, 2013, provides for an employment term through December 31, 2017. The Company's employment agreement with Mr. FitzGerald, entered into on March 21, 2013, provides for an employment term ending on December 31, 2017.

### *2015 Compensation Awards and Decisions*

For 2015, the Committee made only slight changes to the compensation structure for the Named Executive Officers, resulting in the following target compensation for 2015:

| Named Executive Officer | Base Salary              | Target Annual Cash Bonus | Target Equity Incentive Award | Target Total Compensation |
|-------------------------|--------------------------|--------------------------|-------------------------------|---------------------------|
| Mr. Bassoul             | \$ 1,000,000 (no change) | \$ 2,000,000             | \$ 1,812,500                  | \$ 4,812,500              |
| Mr. FitzGerald          | \$ 575,000 (no change)   | \$ 1,250,000 (no change) | \$ 740,000                    | \$ 2,565,000              |
| Mr. Brewer              | \$ 525,000 (no change)   | \$ 393,750 (no change)   |                               | \$ 918,750                |
| Mr. Lindsay             | \$ 180,000 (no change)   | \$ 150,000 (no change)   |                               | \$ 330,000                |

For Mr. Bassoul and Mr. FitzGerald, and consistent with the 2014 awards, the maximum annual cash bonus is capped at 200% of target and the maximum payout for performance shares is 400% of the target number of shares based on EBITDA and EPS performance over a one-year performance period. In the case of Mr. Brewer and Mr. Lindsay, the maximum annual cash bonus is capped at 133% of target.

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On March 16, 2015, the Company made awards of performance-based restricted stock (at target) to certain of the Named Executive Officers as follows: Mr. Bassoul, 16,812 shares, and, Mr. FitzGerald, 6,864 shares.

### **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 three other most highly compensated executive officers other than the CFO. Performance-based compensation that satisfies the conditions of Section 162(m) of the Code is excluded for purposes of this limitation. The 2014 equity incentive awards and the 2014 annual cash bonus awards made to Messrs. Bassoul, FitzGerald, Brewer and Lindsay under the Company's LTIP and annual performance-based incentive plan were subject to, and made in accordance with, the Committee's pre-established performance goals, as required in order to qualify as "performance-based compensation" under Section 162(m) of the Code. The Committee reserves the right to pay compensation that may be non-deductible to the Company if it determines that it would be in the best interests of the Company.

### **Risk Assessment Regarding Company Compensation Program**

In connection with the Company's adoption of performance-based compensation for its employees, an important objective of the Committee was ensuring that none of the targets would pose excessive risks. The Committee, together with the Chairman of the Audit Committee and executive management, has considered the risks arising from the Company's compensation policies and practices for its employees and has concluded that the compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

The current executive compensation program includes several "risk mitigating" elements, such as stock ownership requirements for the CEO and executive officers and the use of multiple performance metrics in incentive plans along with limitations on the payouts that can be earned through the incentive plans. The Committee believes that the new compensation structure for the CEO and the move away from larger grants of performance stock with multi-year performance cycles will further mitigate risks.



**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 with the Company's management. Based on this review and discussion, the Committee recommends to the Company's Board that the CD&A be included in these proxy materials.

The Compensation Committee:  
John R. Miller III, Chairman,  
Gordon O'Brien and Sarah Palisi Chapin

25

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## SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2014

The following table sets forth information concerning the annual and long-term compensation for services to the Company in all capacities received by the following persons who are 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 two other executive officers of the Company (other than the Chief Executive Officer and the Chief Financial Officer) in respect of fiscal years 2014, 2013 and 2012, respectively, to the extent such person was a Named Executive Officer in the applicable fiscal year.

| Name and Principal Position                                                                     | Fiscal Year | Salary<br>(\$) | Bonus<br>(\$) | Awards<br>(\$)(1) | Awards<br>(\$) | Compensation<br>(\$) | Change in<br>Pension<br>Value and<br>Nonqualified<br>Deferred<br>Compensation<br>Earnings<br>(\$)(3) | All<br>Other<br>Compensation<br>(\$) | Total<br>(\$) |
|-------------------------------------------------------------------------------------------------|-------------|----------------|---------------|-------------------|----------------|----------------------|------------------------------------------------------------------------------------------------------|--------------------------------------|---------------|
|                                                                                                 |             |                |               |                   |                |                      |                                                                                                      |                                      |               |
| Selim A. Bassoul<br><i>Chairman of the Board,<br/>President and Chief<br/>Executive Officer</i> | 2014        | 1,000,000      |               | 1,625,116         |                | 3,500,000(2)         | 1,722,729(4)                                                                                         | 38,959(5)                            | 7,886,804     |
|                                                                                                 | 2013        | 1,000,000      |               |                   |                | 8,000,000            |                                                                                                      | 72,241                               | 9,072,241     |
|                                                                                                 | 2012        | 1,000,000      |               |                   |                | 8,000,000            | 1,426,724                                                                                            | 81,396                               | 10,508,120    |
| Timothy J. FitzGerald<br><i>Vice President and Chief<br/>Financial Officer</i>                  | 2014        | 575,000        |               | 687,448           |                | 2,500,000(6)         |                                                                                                      | 7,925(7)                             | 3,770,373     |
|                                                                                                 | 2013        | 575,000        |               |                   |                | 2,500,000            |                                                                                                      | 6,895                                | 3,081,895     |
|                                                                                                 | 2012        | 400,000        |               |                   |                | 2,100,000            |                                                                                                      | 6,795                                | 2,506,795     |
| David Brewer<br><i>Chief Operating Officer</i>                                                  | 2014        | 525,000        |               | 526,780           |                | 525,000(8)           |                                                                                                      | 10,498(9)                            | 1,587,278     |
|                                                                                                 | 2013        | 400,000        |               |                   |                | 400,000              |                                                                                                      | 10,345                               | 810,345       |
|                                                                                                 | 2012        | 400,000        |               |                   |                | 400,000              |                                                                                                      | 8,399                                | 808,399       |
| Martin M. Lindsay<br><i>Corporate Treasurer</i>                                                 | 2014        | 180,000        |               | 164,619           |                | 200,000(10)          |                                                                                                      | 6,988(11)                            | 551,607       |
|                                                                                                 | 2013        | 140,000        |               |                   |                | 185,000              |                                                                                                      | 6,166                                | 331,166       |
|                                                                                                 | 2012        | 140,000        |               |                   |                | 185,000              |                                                                                                      | 3,818                                | 328,818       |

(1)

The amounts reported in the "Stock Awards" column of the table for 2014 reflect the fair value on the grant date of the performance-based restricted stock awards granted to our Named Executive Officers during 2014 based upon the probable achievement of the performance goals under such awards determined as of the grant date, consistent with the estimate of the aggregate compensation cost to be recognized over the applicable service period determined in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 718, excluding the effect of estimated forfeitures. The valuation assumptions used in determining 2014 amounts are described in Note 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 3, 2015. No "Stock Awards" were made to the Named Executive Officers in either 2013 or 2012. Under relevant SEC rules, we are also required to report the fair value on the grant date of the performance based stock awards granted to our Named Executive Officers during 2014 based upon the maximum possible level of achievement under such awards, determined as of the grant date, which would be \$6,500,185, \$2,750,159, \$2,107,200, and \$658,500, for Messrs. Bassoul, FitzGerald, Brewer and Lindsay, respectively.

(2)

Mr. Bassoul's 2014 Non-Equity Incentive Plan Compensation consists of \$3,500,000 paid under the VCIP. Details regarding the \$4,500,000 decline of Mr. Bassoul's VCIP award are outlined in the Compensation Discussion and Analysis, under the heading "Annual Performance-Based Incentive Programs."

- (3) For a description of Mr. Bassoul's nonqualified defined benefit pension benefit, see below under the heading "Pension Benefits for Fiscal Year 2014."
- (4) The present value of Mr. Bassoul's nonqualified defined benefit pension benefit increased by \$1,722,729 due to a decrease in the discount rate used to calculate the value of the Company's pension. The present value of the accumulated pension benefit assumes a retirement age of 60, and discount rate of 3.81%, retirement income of \$1.0 million, and a length of pension payout of 30 years. Mr. Bassoul received no earnings on non-qualified deferred compensation for 2014.
- (5) All Other Compensation amounts in 2014 for Mr. Bassoul include \$6,992 for a Company-provided automobile, \$18,902 for financial planning assistance, a \$1,375 Company contribution to a health savings account, \$6,490 of Company paid life insurance premiums and a 401(k) Company matching contribution of \$5,200. The incremental cost to the Company with respect to the Company-owned automobile provided to Mr. Bassoul is estimated to be less than the \$6,992 included in the table, which represents the taxable income imputed to Mr. Bassoul for his personal use of the automobile.
- (6) Mr. FitzGerald's 2014 Non-Equity Incentive Plan Compensation consists of \$2,500,000 paid under the VCIP. Details of the VCIP are outlined in the Compensation Discussion and Analysis, under the heading "Annual Performance-Based Incentive Programs."
- (7) All Other Compensation amounts in 2014 for Mr. FitzGerald include a \$1,375 Company contribution to a health savings account, \$1,350 in Company paid life insurance premiums, and a 401(k) Company matching contribution of \$5,200.

- (8) Mr. Brewer's 2014 Non-Equity Incentive Plan Compensation consists of \$525,000 paid under the VCIP. Details of the VCIP are outlined in the Compensation Discussion and Analysis, under the heading "Annual Performance-Based Incentive Programs."
- (9) All Other Compensation amounts in 2014 for Mr. Brewer include a \$1,375 Company contribution to a health savings account, \$4,565 in Company paid life insurance premiums and a 401(k) Company matching contribution of \$4,558.
- (10) Mr. Lindsay's 2014 Non-Equity Incentive Plan Compensation consists of \$200,000 paid under the VCIP. Details of the VCIP are outlined in the Compensation Discussion and Analysis, under the heading "Annual Performance-Based Incentive Programs."
- (11) All Other Compensation amounts in 2014 for Mr. Lindsay include a \$1,375 Company contribution to a health savings account, \$805 in Company paid life insurance premiums and a 401(k) Company matching contribution of \$4,808.
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**Employment Agreements with Named Executive Officers**

***Selim A. Bassoul***

The Company and MM entered into an employment agreement with Mr. Bassoul on January 21, 2013. The agreement provides, among other things, for Mr. Bassoul to serve as President, Chief Executive Officer and Chairman of the Board of the Company for a term ending on December 31, 2017. Under the agreement, Mr. Bassoul receives an annual base salary of \$1,000,000 and is eligible to participate in the VCIP.

Mr. Bassoul's employment agreement also provides for a Company-provided automobile, which is described in footnote 4 to the "Summary Compensation Table," and a nonqualified retirement benefit, which is described under the heading "Pension Benefits for Fiscal Year 2014."

The terms of the employment agreement relating to the termination of Mr. Bassoul's employment are discussed below, under the heading "Potential Payments Upon Termination or Change in Control."

***Timothy J. FitzGerald***

The Company and MM entered into an amended and restated employment agreement with Mr. FitzGerald, the Company's Vice President and Chief Financial Officer, effective on March 21, 2013. Mr. FitzGerald's employment agreement has a term ending on December 31, 2017, unless Mr. FitzGerald's employment is earlier terminated under the terms of the employment agreement. Under the agreement, Mr. FitzGerald receives an annual base salary of \$575,000 and he is eligible to participate in and earn an annual bonus under the management incentive programs adopted by the Company from time to time, subject to the terms and conditions of such programs, based on Mr. FitzGerald's achievement of performance targets established in the sole discretion of the Company. Mr. FitzGerald participated in the VCIP for 2014.

The terms of the employment agreement relating to the termination of Mr. FitzGerald's employment are discussed below, under the heading "Potential Payments Upon Termination or Change in Control."

## Grants of Plan-Based Awards in Fiscal Year 2014

The following table sets forth information concerning cash incentive opportunities and grants of performance restricted stock made to the Named Executive Officers during the 2014 fiscal year. The grant date set forth below is the date that the Board granted the award.

| Name                  | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) |             |              | Estimated Future Payouts under Equity Incentive Plan Awards(4) |            |             | All Other Stock Awards(2) |                   |  | Grant Date of Awards | Fair Value of Stock and Underlying Option Awards(5) |
|-----------------------|------------|--------------------------------------------------------------------|-------------|--------------|----------------------------------------------------------------|------------|-------------|---------------------------|-------------------|--|----------------------|-----------------------------------------------------|
|                       |            | Threshold (\$)                                                     | Target (\$) | Maximum (\$) | Threshold (#)                                                  | Target (#) | Maximum (#) | Number of Shares          | Number of Options |  |                      |                                                     |
| Selim A. Bassoul      | (2)        | 875,000                                                            | 875,000     | 1,750,000    |                                                                |            |             |                           |                   |  |                      |                                                     |
|                       | (3)        | 875,000                                                            | 875,000     | 1,750,000    |                                                                |            |             |                           |                   |  |                      |                                                     |
|                       | 2/24/14    |                                                                    |             |              | 18,510                                                         | 18,510     | 74,034      |                           |                   |  |                      | 1,625,116                                           |
| Timothy J. FitzGerald | (2)        | 625,000                                                            | 625,000     | 1,250,000    |                                                                |            |             |                           |                   |  |                      |                                                     |
|                       | (3)        | 625,000                                                            | 625,000     | 1,250,000    |                                                                |            |             |                           |                   |  |                      |                                                     |
|                       | 2/24/14    |                                                                    |             |              | 7,830                                                          | 7,830      | 31,323      |                           |                   |  |                      | 687,448                                             |
| David Brewer          | (2)        | 196,875                                                            | 196,875     | 262,500      |                                                                |            |             |                           |                   |  |                      |                                                     |
|                       | (3)        | 196,875                                                            | 196,875     | 262,500      |                                                                |            |             |                           |                   |  |                      |                                                     |
|                       | 2/24/14    |                                                                    |             |              | 6,000                                                          | 6,000      | 24,000      |                           |                   |  |                      | 526,780                                             |
| Martin Lindsay        | (2)        | 75,000                                                             | 75,000      | 100,000      |                                                                |            |             |                           |                   |  |                      |                                                     |
|                       | (3)        | 75,000                                                             | 75,000      | 100,000      |                                                                |            |             |                           |                   |  |                      |                                                     |
|                       | 2/24/14    |                                                                    |             |              | 1,875                                                          | 1,875      | 7,500       |                           |                   |  |                      | 164,619                                             |

(1) These columns represent the annual cash award opportunities for each Named Executive Officer under the VCIP. The actual payouts under the plans for 2014 performance were approved on March 16, 2015, and are reflected in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table." Since bonuses will not be paid if the target EBITDA and EPS metrics are not achieved, the target and threshold bonus amounts that can be earned are the same.

(2) Award granted pursuant to the VCIP utilizing EPS performance metrics. The target metric requires EPS growth of 14% and the maximum metric requires EPS growth of 20%. EPS is defined as actual fiscal 2014

EPS, excluding any unusual charges related to acquisitions or restructuring reported by the Company on a diluted basis.

- (3) Award granted pursuant to the VCIP utilizing Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") performance metrics. The target metric requires EBITDA growth of 14% and the maximum metric requires EBITDA growth of 20%.
- (4) Represents awards of performance-based restricted stock granted to each of our Named Executive Officers on February 24, 2014. The shares of restricted stock are earned based on the achievement level of EBITDA and EPS over a specified time period. For Mr. Bassoul and Mr. FitzGerald, the performance is measured over a one-year period and for Mr. Brewer and Mr. Lindsay, the performance is measured over a three-year period. Since no portion of the restricted shares will vest if the target EBITDA and EPS metrics are not achieved, the target and threshold number of shares that can be earned are the same. The number of restricted shares represented in this column for each Named Executive Officer has been adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014.
- (5) Represents the fair value on the grant date of the performance-based restricted stock awards granted to our Named Executive Officers during 2014 based upon the probable achievement of the performance goals under such awards determined as of the grant date, consistent with the estimate of the aggregate compensation cost to be recognized over the applicable service period determined in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The valuation assumptions used in determining 2014 amounts are described in Note 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 3, 2015.

Outstanding Equity Awards at 2014 Fiscal Year End

The following table sets forth certain information concerning outstanding stock awards held by each of the Named Executive Officers under the LTIP on January 3, 2015, the end of the 2014 fiscal year.

| Name                  | Option Awards                                                            |                                                   |                                                               |                     |                 | Stock Awards                                            |                                          |                                                                                            |                                                                                                                     |
|-----------------------|--------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------|---------------------|-----------------|---------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
|                       | Number of Securities Underlying Unexercised Options That Are Exercisable | Number of Securities Underlying Exercised Options | Equity Incentive Plan Awards: Number of Securities Underlying | Exercise Price (\$) | Expiration Date | Number of Shares or Units of Stock That Have Not Vested | Market Value of Shares or Units of Stock | Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested |
| Selim A. Bassoul      |                                                                          |                                                   |                                                               |                     |                 |                                                         |                                          | 74,034(1)                                                                                  | 7,332,327                                                                                                           |
| Timothy J. FitzGerald |                                                                          |                                                   |                                                               |                     |                 |                                                         |                                          | 31,323(2)                                                                                  | 3,102,230                                                                                                           |
| David Brewer          |                                                                          |                                                   |                                                               |                     |                 |                                                         |                                          | 24,000(3)                                                                                  | 2,376,960                                                                                                           |
| Martin M. Lindsay     |                                                                          |                                                   |                                                               |                     |                 |                                                         |                                          | 7,500(4)                                                                                   | 742,800                                                                                                             |

- (1) On February 24, 2014, Mr. Bassoul was awarded 74,034 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014). The award provided for vesting at the end of a one-year performance period based on the achievement of specified year over year increases in EBITDA and EPS. The performance period of the award was December 28, 2013, to January 4, 2015. On March 19, 2015, the Committee determined, after review of the Company's fiscal 2014 audited financial statements, that all performance requirements of the February 24, 2014 grant had been achieved at maximum levels and, accordingly, all shares related to the grant vested.
- (2) On February 24, 2014, Mr. FitzGerald was awarded 31,323 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014). The award provided for vesting at the end of a one-year performance period based on the achievement of specified year over year increases in EBITDA and EPS. The performance period of the award was December 28, 2013, to January 4, 2015. On March 19, 2015, the Committee determined, after review of the Company's fiscal 2014 audited financial statements, that all performance requirements of the February 24, 2014 grant had been achieved at maximum



levels and, accordingly, all shares related to the grant vested.

(3)

On February 24, 2014, Mr. Brewer was awarded 24,000 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014). The award provided for vesting at the end of a three-year performance period based on the achievement of specified year over year increases in EBITDA and EPS. The performance period of the award is December 28, 2013, to December 31, 2016.

(4)

On February 24, 2014, Mr. Lindsay was awarded 7,500 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014). The award provided for vesting at the end of a three-year performance period based on the achievement of specified year over year increases in EBITDA and EPS. The performance period of the award is December 28, 2013, to December 31, 2016.

(5)

The value of the performance-based restricted stock was calculated by multiplying the closing share price of the Common Stock on January 2, 2015 (\$99.04 per share) by the number of shares of performance-based restricted stock outstanding on January 3, 2015, assuming the maximum number of shares is earned with respect to each award.

30

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**Option Exercises and Stock Vested for Fiscal Year 2014**

The following table sets forth the aggregate amounts received or realized in connection with the exercise of stock options and vesting of stock awards under the 1998 Stock Incentive Plan, 2007 Stock Incentive Plan, and LTIP during the 2014 fiscal year by each of the Named Executive Officers. All options issued under the 1998 Stock Incentive Plan and 2007 Stock Incentive Plan have been exercised or otherwise forfeited and none of such options remain outstanding. None of the figures in the table below reflect the impact of the 3-for-1 stock split effected in June 2014.

| Name                  | Option Awards                             |                                 | Stock Awards                             |                                |
|-----------------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------|
|                       | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |
| Selim A. Bassoul      |                                           |                                 | 19,858                                   | 1,640,668                      |
|                       |                                           |                                 | 200,000                                  | 57,062,000                     |
| Timothy J. FitzGerald |                                           |                                 | 80,000                                   | 22,824,800                     |
| David Brewer          |                                           |                                 |                                          |                                |
| Martin Lindsay        |                                           |                                 | 4,000                                    | 1,141,240                      |

**Pension Benefits for Fiscal Year 2014**

Pursuant to his employment agreement (described above under the heading "Employment Agreements with Named Executive Officers"), 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, but prior to the date on which he attains age 60 (the "Age 55 Retirement Benefit"), he will 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. This percentage increases ratably, depending upon the age of the CEO at the time of his retirement. Mr. Bassoul is age 58 and is currently eligible for this benefit. If Mr. Bassoul retires on or after the date on which he attains the age of 60, but prior to the date on which he attains age 65 (the "Age 60 Retirement Benefit"), he will 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 on or after the date on which he attains the age of 65, he will be fully vested in a monthly retirement benefit equal to one-twelfth of 75% of his then current base salary (the "Age 65 Retirement Benefit"), in lieu of the Age 55 Retirement Benefit and Age 60 Retirement Benefit, payable for the remainder of his life.

The estimated monthly retirement benefit payable to Mr. Bassoul based on his compensation level as of January 3, 2015, would be \$41,666 at the retirement age of 58, \$52,083 at the retirement age of 60, and \$62,500 at the retirement age of 65, assuming a base salary of \$1,000,000, as currently in effect.

| Name             | Plan Name                | Number of Years Credited Service (#)(1) | Payments During                           |                       |
|------------------|--------------------------|-----------------------------------------|-------------------------------------------|-----------------------|
|                  |                          |                                         | Present Value of Accumulated Benefit (\$) | Last Fiscal Year (\$) |
| Selim A. Bassoul | Chairman Retirement Plan | 10                                      | \$ 10,537,453(2)                          |                       |
|                  | Chairman Retirement      |                                         |                                           |                       |
| Selim A. Bassoul | Medical Plan(3)          | 10                                      | 752,865(4)                                |                       |

- (1) Reflects years of credited service since the inception of the respective plans. The number of years of credited service for purposes of the plans is less than Mr. Bassoul's years of service with the Company and there is no benefit augmentation as a result.
- (2) The present value of accumulated pension benefits assumes a retirement age of 60, a discount rate of 3.81%, retirement income of \$1.0 million, and a length of pension payout of 30 years.



- (3) Mr. Bassoul and his dependents are entitled to continue to participate in all health and medical plans and programs maintained by the Company for its senior executives and their dependents for life, subject to any Medicare coverage being the primary coverage.
- (4) The present value of accumulated post-retirement medical benefits due to Mr. Bassoul assumes a retirement age of 60, a discount rate of 3.81%, and a length of benefit period of 30 years.

#### **Potential Payments Upon Termination or Change in Control**

##### **Under Employment Agreements**

###### ***Selim Bassoul***

During the term of Mr. Bassoul's employment agreement with the Company and MM, as described above under the heading "Employment Agreements with Named Executive Officers," Mr. Bassoul's employment may be terminated by the Company or by Mr. Bassoul at any time, or by the death of Mr. Bassoul.

In the event that Mr. Bassoul's employment is terminated by the Company for reasons other than "cause" (as defined in the employment agreement), by Mr. Bassoul due to a material diminution of his duties or a change in his title, or due to his death or disability, Mr. Bassoul's employment agreement provides that a pro rata share of the incentive compensation under the VCIP that would otherwise have been payable to him had he remained employed by the Company until the last day of the fiscal year will be paid to Mr. Bassoul following the conclusion of the fiscal year based on actual performance. In addition, the employment agreement provides that if the Company terminates Mr. Bassoul's employment without cause or if Mr. Bassoul terminates his employment due to a material diminution of his duties or a change in his title, then Mr. Bassoul will be entitled to a lump sum payment equal to three times the sum of (i) his annual base salary and (ii) an amount equal to the greater of (x) the amount of incentive compensation earned by Mr. Bassoul under the VCIP (as such plan may be renewed from time to time) with respect to the full calendar year immediately prior to the date of termination and (y) the average incentive compensation paid to Mr. Bassoul under the VCIP (or, if applicable, the Management Incentive Compensation Plan ("MICP") previously in effect) for each of the three calendar years immediately prior to the date of termination (the "Severance Amount"). Notwithstanding the foregoing, the Severance Amount is capped at \$13,500,000 pursuant to the employment agreement.

Mr. Bassoul's employment agreement also provides that if his employment is terminated by either party, for any reason, then Mr. Bassoul and his dependents will be entitled to continue to participate in all health and medical plans and programs which the Company maintains for its senior executives and their families until the later of the death of Mr. Bassoul or his spouse, subject to any Medicare coverage being the primary coverage. The present value of the medical benefits that would be provided to Mr. Bassoul in such circumstances is shown above under the heading "Pension Benefits for Fiscal Year 2014."

In the event that any amount payable to Mr. Bassoul is deemed under the Code to be made in connection with a change in control of the Company, and such payments would result in imposition of the excise tax imposed under the Code on "excess parachute payments" (the "Excise Tax"), the employment agreement provides that Mr. Bassoul's payments will be reduced to an amount that would not result in the imposition of the Excise Tax, to the extent such reduction would result in a greater after-tax benefit to Mr. Bassoul.

###### ***Timothy J. FitzGerald***

During the term of Mr. FitzGerald's employment agreement, as described above under the heading "Employment Agreements with Named Executive Officers," Mr. FitzGerald's employment may be

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terminated by the Employer (defined as the Company and MM) or by Mr. FitzGerald at any time, or by the death of Mr. FitzGerald.

In the event that Mr. FitzGerald's employment is terminated by the Company for reasons other than "cause" (as defined in the employment agreement), or by Mr. FitzGerald due to a material diminution of his duties, or due to his death or disability, Mr. FitzGerald's employment agreement provides that a pro rata share of the incentive compensation under the VCIP that would otherwise have been payable to him had he remained employed by the Company until the last day of the fiscal year will be paid to Mr. FitzGerald following the conclusion of the fiscal year based on actual performance. In addition, the employment agreement provides that if the Company terminates Mr. FitzGerald's employment without cause, or if Mr. FitzGerald terminates his employment due to a material diminution of his duties, Mr. FitzGerald will be entitled to a lump sum payment equal to three times the sum of (i) his annual base salary for the full calendar year immediately prior to the date of termination and (ii) an amount equal to the greater of (x) the amount of his annual bonus paid under the VCIP (as such plan may be renewed from time to time) with respect to the full calendar year immediately prior to the year of termination and (y) the average of his annual bonuses paid under the VCIP (or, if applicable, the MICP previously in effect) for each of the three calendar years immediately prior to the year of termination.

In the event that any amount payable to Mr. FitzGerald is deemed under the Code to be made in connection with a change in control of the Company and would result in imposition of the Excise Tax, the employment agreement provides that Mr. FitzGerald's payments will be reduced to an amount that would not result in the imposition of the Excise Tax, to the extent such reduction would result in a greater after-tax benefit to Mr. FitzGerald.

### **Under Equity Incentive Plans**

None of the Named Executive Officers currently hold any outstanding stock options.

On February 24, 2014, the Company granted performance share awards to Mr. Bassoul, Mr. FitzGerald, Mr. Brewer and Mr. Lindsay in respect of the performance period commencing on January 1, 2014, and ending on December 31, 2014, in the case of Mr. Bassoul and Mr. FitzGerald, and December 31, 2016, in the case of Mr. Brewer and Mr. Lindsay. In the event of a termination of employment by the Company other than for cause or, in the case of Mr. Bassoul and Mr. FitzGerald, in the event of their resignation due to a diminution of duties or, for Mr. Bassoul, a change in title in accordance with the terms of his employment agreement, the performance share award would have immediately vested in that number of shares that would have vested based on actual performance measured as of the end of the month immediately prior to the month of such termination or, if later, as of March 31, 2014 (and extrapolated to the end of the performance period, taking into account the length of the shortened performance period in comparison to the original one or three year period), pro-rated for the number of days the executive officer worked through the date of termination. Any remaining shares that do not vest in accordance with the preceding sentence would be forfeited. In the event of a "change in control" (as defined in the performance share award agreement), the performance share award would have immediately vested in the greater of (i) the target number of shares or (ii) the number of shares that would have vested based on actual performance measured immediately prior to the date of the change of control (and extrapolated to the end of the performance period, taking into account the length of the shortened performance period in comparison to the original one or three year period). Any remaining shares that do not vest in accordance with the preceding sentence would be forfeited.

As discussed in the Compensation Discussion and Analysis and in the footnotes to the "Outstanding Equity Awards at 2014 Fiscal Year End" table, on March 19, 2015, all of the performance share awards granted to Mr. Bassoul and Mr. FitzGerald in 2014 vested based on the Committee's determination that

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the EBITDA and EPS goals were achieved in excess of the 20% maximum as of the end of the performance period.

**Quantification**

The tables below illustrate the potential payments to each Named Executive Officer under each of the circumstances discussed above. The tables assume that the terminations or change in control, as applicable, took place on January 3, 2015, the last day of our 2014 fiscal year and are based on the applicable executive's current employment terms.

| <b>Name</b>                  | <b>Type of Payment</b>                  | <b>Involuntary Termination Without Cause</b> | <b>Voluntary Termination due to Material Diminution of Duties</b> | <b>Change in Control</b> |
|------------------------------|-----------------------------------------|----------------------------------------------|-------------------------------------------------------------------|--------------------------|
| <b>Selim A. Bassoul</b> (1)  | Cash Severance                          | \$ 13,500,000                                | \$ 13,500,000                                                     | \$ 0                     |
|                              | Accelerated Vesting of Restricted Stock | \$ 7,336,769(2)                              | \$ 7,336,769(2)                                                   | \$ 7,336,769(2)          |
|                              | <b>Total</b>                            | <b>\$ 20,836,769</b>                         | <b>\$ 20,836,769</b>                                              | <b>\$ 7,336,769</b>      |
| <b>Timothy J. FitzGerald</b> | Cash Severance                          | \$ 9,225,000                                 | \$ 9,225,000                                                      | \$ 0                     |
|                              | Accelerated Vesting of Restricted Stock | \$ 3,104,109(3)                              | \$ 3,104,109(3)                                                   | \$ 3,104,109(3)          |
|                              | <b>Total</b>                            | <b>\$ 12,329,109</b>                         | <b>\$ 12,329,109</b>                                              | <b>\$ 3,104,109</b>      |
| <b>David Brewer</b>          | Cash Severance                          | \$ 0                                         | \$ 0                                                              | \$ 0                     |
|                              | Accelerated Vesting of Restricted Stock | \$ 792,320(4)                                | \$ 0                                                              | \$ 792,320(4)            |
|                              | <b>Total</b>                            | <b>\$ 792,320</b>                            | <b>\$ 0</b>                                                       | <b>\$ 792,320</b>        |
| <b>Martin M. Lindsay</b>     | Cash Severance                          | \$ 0                                         | \$ 0                                                              | \$ 0                     |
|                              | Accelerated Vesting of Restricted Stock | \$ 247,600(5)                                | \$ 0                                                              | \$ 247,600(5)            |
|                              | <b>Total</b>                            | <b>\$ 247,600</b>                            | <b>\$ 0</b>                                                       | <b>\$ 247,600</b>        |

(1) Mr. Bassoul is currently early retirement-eligible. Upon a termination of Mr. Bassoul's employment, Mr. Bassoul would also become entitled to a monthly retirement benefit equal to approximately \$41,666 assuming in each case that the termination occurred on January 3, 2015, and based on his current base salary of \$1,000,000. Mr. Bassoul is fully vested in this pension benefit. The pension arrangements, including the benefits payable upon Mr. Bassoul's normal retirement, are described in more detail under the heading "Pension Benefits for Fiscal Year 2014" above.

(2)

Includes 74,034 shares of restricted performance stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) that vested on March 19, 2015, subsequent to the end of the Company's 2014 fiscal year. In the event of a change of control, such restricted performance stock would immediately vest in the greater of (i) the number of shares that would vest at the target level of performance (18,510) or (ii) the number of shares that would vest on actual performance measured immediately prior to the change of control (and extrapolated to the end of the performance period taking into account the length of the shortened performance period in comparison to the original one year period). In the event of a termination without cause by the Company or by Mr. Bassoul due to a material diminution in duties or change in title, such restricted performance stock would immediately vest in that number of shares that would vest based on actual performance measured as of the end of the month immediately prior to the month of such termination or, if later, as of March 31, 2014 (and extrapolated to the end of the performance period taking into account the length of the shortened performance period in comparison to the original one year period), pro-rated for the number of days worked through the date of termination.

34

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- (3) Includes 31,323 shares of restricted performance stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) that vested on March 19, 2015, subsequent to the end of the Company's 2014 fiscal year. In the event of a change of control, such restricted performance stock would immediately vest in the greater of (i) the number of shares that would vest at the target level of performance (7,830) or (ii) the number of shares that would vest on actual performance measured immediately prior to the change of control (and extrapolated to the end of the performance period taking into account the length of the shortened performance period in comparison to the original one year period). In the event of a termination without cause by the Company or by Mr. FitzGerald due to a material diminution in duties, such restricted performance stock will immediately vest in that number of shares that would vest based on actual performance measured as of the end of the month immediately prior to the month of such termination or, if later, as of March 31, 2014 (and extrapolated to the end of the performance period taking into account the length of the shortened performance period in comparison to the original one year period), pro-rated for the number of days worked through the date of termination.
- (4) Includes 24,000 shares of restricted performance stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted on February 24, 2014. In the event of a change of control, such restricted performance stock would immediately vest in the greater of (i) the number of shares that would vest at the target level of performance (6,000) or (ii) the number of shares that would vest on actual performance measured immediately prior to the change of control (and extrapolated to the end of the performance period taking into account the length of the shortened performance period in comparison to the original three year period). In the event of a termination without cause by the Company, such restricted performance stock will immediately vest in that number of shares that would vest based on actual performance measured as of the end of the month immediately prior to the month of such termination or, if later, as of October 1, 2014 (and extrapolated to the end of the performance period taking into account the length of the shortened performance period in comparison to the original three year period), pro-rated for the number of days worked through the date of termination.
- (5) Includes 7,500 shares of restricted performance stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted on February 24, 2014. In the event of a change of control, such restricted performance stock would immediately vest in the greater of (i) the number of shares that would vest at the target level of performance (1,875) or (ii) the number of shares that would vest on actual performance measured immediately prior to the change of control (and extrapolated to the end of the performance period taking into account the length of the shortened performance period in comparison to the original three year period). In the event of a termination without cause by the Company, such restricted performance stock will immediately vest in that number of shares that would vest based on actual performance measured as of the end of the month immediately prior to the month of such termination or, if later, as of October 1, 2014 (and extrapolated to the end of the performance period taking into account the length of the shortened performance period in comparison to the original three year period), pro-rated for the number of days worked through the date of termination.



**Director Compensation for Fiscal Year 2014**

The following table sets forth information concerning the annual and long-term compensation for services to the Company performed by members of the Board who were not employees of the Company during the 2014 fiscal year.

| Name                                                                                                                   | Fees<br>Earned or<br>Paid in<br>Cash (\$) | Stock<br>Awards<br>(\$)(1) | Non-Equity<br>Incentive |                              | All<br>Other<br>Compensation<br>(\$) | Total (\$) |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------|-------------------------|------------------------------|--------------------------------------|------------|
|                                                                                                                        |                                           |                            | Option<br>Award<br>(\$) | Plan<br>Compensation<br>(\$) |                                      |            |
| Sarah Palisi Chapin<br>Compensation Committee<br>Member                                                                | 65,000                                    | 131,700(3)                 |                         |                              |                                      | 196,700    |
| Robert B. Lamb<br>Audit Committee Member                                                                               | 65,000                                    | 131,700(3)                 |                         |                              |                                      | 196,700    |
| John R. Miller III(2)<br>Compensation Committee<br>Chairman and Nominating<br>Committee Member                         | 80,000                                    | 131,700(3)                 |                         |                              |                                      | 211,700    |
| Gordon O'Brien<br>Lead Independent<br>Director,<br>Compensation Committee<br>Member and Nominating<br>Committee Member | 55,000(4)                                 | 171,200(3)                 |                         |                              |                                      | 226,200    |
| Philip G. Putnam(2)<br>Audit Committee<br>Chairman<br>Nominating Committee<br>Chairman                                 | 85,000                                    | 131,700(3)                 |                         |                              |                                      | 216,700    |
| Sabin C. Streeter<br>Audit Committee Member                                                                            | 65,000                                    | 131,700(3)                 |                         |                              |                                      | 196,700    |

(1)

On February 24, 2014, the lead independent director of the Board was awarded 1,950 shares of restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) and each other nonemployee member of the Board was awarded 1,500 shares of restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) pursuant to the LTIP. These shares vested on March 15, 2015 based on continued service. The amounts reported in this column reflect the aggregate grant date fair value of the shares of restricted stock granted in 2014 computed in accordance with FASB ASC Topic 718. The valuation assumptions used in determining these amounts are described in Note 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 3, 2015. Also, on March 16, 2015, each nonemployee member of the Board was awarded 1,000 shares of restricted stock pursuant to the 2011 Long-Term Incentive Plan. These shares will vest on March 16, 2016 based on continued service.

(2) For the fiscal year ended January 3, 2015, the respective Audit and Compensation Committee Chairmen received an additional \$15,000 annual retainer and the Nominating Committee Chairman received an additional \$5,000 annual retainer.

(3) The number of stock options and stock awards outstanding as of January 3, 2015, for each non-employee member of the Board is as follows:

| <b>Director</b>     | <b>Options</b> | <b>Restricted<br/>Stock(1)</b> |
|---------------------|----------------|--------------------------------|
| Sarah Palisi Chapin |                | 1,500                          |
| Robert B. Lamb      |                | 3,900                          |
| John R. Miller III  |                | 3,900                          |
| Gordon O'Brien      |                | 9,150                          |
| Philip G. Putnam    |                | 3,900                          |
| Sabin C. Streeter   |                | 3,900                          |

(1) Includes 1,950 shares of restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) awarded to Gordon O'Brien and 1,500 shares of restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) awarded to each of the other nonemployee members of the Board on February 24, 2014, pursuant to the LTIP. These shares of restricted stock vested on March 15, 2015 based on continued service.

(4) Cash-based Board fees for Mr. O'Brien's services are paid directly to his employer, American Capital Strategies.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained in this Proxy Statement relating to the occupations and security holdings of directors and officers of the Company and such individuals' transactions with the Company is based upon information received from each individual as of March 20, 2015.

The following table sets forth certain information with respect to the beneficial ownership of shares of the Common Stock, as of March 20, 2015, by each person known by the Company to be the beneficial owner of more than five percent of Common Stock, each director and each nominee for director of the Company, each Named Executive Officer of the Company and all current directors and executive officers of the Company as a group. Unless otherwise indicated below, the address for each person listed below is c/o The Middleby Corporation, 1400 Toastmaster Drive, Elgin, Illinois 60120.

| Name of<br>Beneficial Owner                                                                        | Amount and<br>Nature of<br>Beneficial<br>Ownership | Percent<br>Of Class |
|----------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------|
| <b>Directors, Director Nominees, and Executive Officers:</b>                                       |                                                    |                     |
| Selim A. Bassoul                                                                                   | 672,186(1)                                         | 1.2%                |
| Timothy J. FitzGerald                                                                              | 243,676(2)                                         | *                   |
| David Brewer                                                                                       | 50,670(3)                                          | *                   |
| Martin M. Lindsay                                                                                  | 89,682(4)                                          | *                   |
| Sabin C. Streeter                                                                                  | 34,900                                             | *                   |
| John R. Miller III                                                                                 | 32,500                                             | *                   |
| Philip G. Putnam                                                                                   | 13,900                                             | *                   |
| Gordon O'Brien                                                                                     | 48,250                                             | *                   |
| Robert B. Lamb                                                                                     | 17,500                                             | *                   |
| Sarah Palisi Chapin                                                                                | 2,500                                              |                     |
| All directors and executive officers of the Company (10 individuals)                               | 1,205,764                                          | 2.1%                |
| <b>Other 5% Holders:</b>                                                                           |                                                    |                     |
| <b>Baron Capital Group, Inc.</b><br>767 Fifth Avenue, 49 <sup>th</sup> Floor<br>New York, NY 10153 | 4,233,248(5)                                       | 7.4%                |
| <b>The Vanguard Group</b><br>100 Vanguard Boulevard<br>Malvern, PA 19355                           | 3,414,814(6)                                       | 6.0%                |

\*

Indicates beneficial ownership of less than 1%.

(1)

Mr. Bassoul is the Chairman, Chief Executive Officer and President of the Company. His holdings include 67,248 shares of performance-based restricted stock granted on March 16, 2015, 74,034 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted on February 24, 2014 (as noted herein, such shares subsequently vested on March 19, 2015), 89,002 held in trust for Mr. Bassoul's children, and 65,056 shares held by a Bassoul Family Trust.

(2)

Mr. FitzGerald is Vice President and Chief Financial Officer of the Company. His holdings include 27,456 shares of performance-based restricted stock granted on March 16, 2015, 31,323 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted on February 24, 2014 (as noted herein, such shares subsequently vested on March 19, 2015) and 28,200 shares held by Mr. FitzGerald's spouse and children.

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- (3) Mr. Brewer is Chief Operating Officer of the Company. His holdings include 24,000 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted on February 24, 2014.
- (4) Mr. Lindsay is the Corporate Treasurer of the Company. His holdings include 7,500 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted on February 24, 2014.
- (5) Based on a Schedule 13G filed with the SEC on February 17, 2015, by Baron Capital Group, Inc., BAMCO, Inc., Baron Capital Management, Inc. and Ronald Baron (collectively, "Baron"), Baron (a) has sole voting power with respect to no shares, (b) has shared voting power with respect to 3,915,248 shares and (c) has shared dispositive power with respect to 4,233,248 shares.
- (6) Based on a Schedule 13G filed with the SEC on February 11, 2015, by The Vanguard Group, The Vanguard Group (a) has sole voting power with respect to 38,928 shares, (b) has sole dispositive power with respect to 3,380,986 shares and (c) has shared dispositive power with respect to 33,828 shares.

### Equity Compensation Plan Information

The following table sets forth information with respect to securities authorized for issuance under our equity compensation plans as of January 3, 2015.

| Plan category                                          | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders |                                                                                             | (1\$)                                                                       | 1,280,193(2)                                                                                                                                      |
| Total                                                  |                                                                                             |                                                                             | 1,280,193                                                                                                                                         |

- (1) Does not include (i) 16,800 restricted shares (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted to non-employee directors of the Company that remain subject to a risk of forfeiture based on performance conditions issued under the 2007 Stock Incentive Plan, (ii) 351,357 shares of performance-based restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted to certain employees of the Company on February 24, 2014 or (iii) 9,450 shares of restricted stock (adjusted to reflect the Company's 3-for-1 stock split on June 27, 2014) granted to non-employee directors of the Company on February 24, 2014. All options issued under the 1998 Stock Incentive Plan and 2007 Stock Incentive Plan have been exercised or otherwise forfeited and none of such options remain outstanding.
- (2) Represents shares issuable as of January 3, 2015, under the LTIP, the only equity compensation plan under which equity compensation awards may be issued in the future.



**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Under Section 16(a) of the Securities Exchange Act of 1934, as amended, the Company's directors and executive officers and any person that beneficially owns more than ten percent of the Company's Common Stock are required to report their beneficial ownership and any changes in that ownership to the SEC and the NASDAQ. These reports are required to be submitted by specified deadlines, and the Company is required to report in this proxy statement any failure by directors, officers and beneficial owners of more than ten percent of its Common Stock to file such reports on a timely basis during the Company's most recent fiscal year or, in the case of such a failure that has not previously been so disclosed, prior fiscal years.

Based solely on a review of the copies of reports furnished to the Company during and with respect to the year ended January 3, 2015, and written representations from certain of the Company's directors and executive officers, the Company does not know of any failure by its executive officers, directors and beneficial owners of more than ten percent of its Common Stock to file on a timely basis any reports required by Section 16(a) for the year ended January 3, 2015, and, to the extent applicable for purposes of this disclosure, prior fiscal years, except as disclosed herein.

Form 4 reports were not timely filed on behalf of Messrs. Bassoul, FitzGerald and Lindsay for a restricted stock vesting that occurred on March 15, 2014, Mr. Streeter for transactions that occurred on February 24, 2014, February 28, 2014 and May 15, 2014, and Messrs. Lamb, Miller, O'Brien and Putnam and Ms. Chapin for a restricted stock grant that occurred on February 24, 2014. Form 4 reports were subsequently made to report each such transaction or event.

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee conducts its oversight activities for the Company in accordance with duties and responsibilities outlined in the Audit Committee charter, approved by the Board on March 4, 2003, and modified on February 25, 2004, a copy of which is available under the "Investor Relations" section of the Company's website, located at [www.middleby.com](http://www.middleby.com).

For the fiscal year ending January 3, 2015, the Audit Committee has reviewed and discussed the audited financial statements and internal controls over financial reporting with management and the Company's independent registered public accounting firm, Ernst and Young, LLP.

The Audit Committee has discussed with the Company's independent registered public accounting firm the matters that are required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees, as modified or supplemented, by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee has also received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding Ernst and Young's, LLP communication with the Audit Committee concerning independence, and held discussions with Ernst and Young, LLP regarding independence.

Based on the review and discussions outlined above, the Audit Committee recommended to the Board of Directors that the financial statements be included in the Company's Annual Report on Form 10-K for the year ended January 3, 2015.

The Middleby Corporation Audit Committee  
Philip G. Putnam, Chairman,  
Sabin C. Streeter, and  
Robert Lamb

**Compensation Committee Interlocks and Insider Participation**

During the fiscal year ended January 3, 2015, the Compensation Committee consisted of Messrs. O'Brien and Miller and Ms. Chapin, all of whom were "independent directors" of the Company and were not officers of the Company. Selim A. Bassoul, Chairman, President and CEO of the Company, participated with the full Board in reviewing and approving certain components of compensation of other executive officers and senior managers. Recommendations concerning the compensation of Mr. Bassoul were made by the Compensation Committee to the Board. During 2014, no member of the Compensation Committee was, or formerly was, an officer or employee of the Company, or had any relationship requiring disclosure by the Company under Item 404 of Regulation S-K, promulgated under the Securities and Exchange Act of 1934, as amended.

**The Middleby Corporation Code of Ethics**

The Company has adopted a code of ethics that applies to all directors, executive officers, officers and employees of the Company. The Company has made the Code of Ethics available on its website at [www.middleby.com](http://www.middleby.com).

**Audit Firm Fee Summary**

During fiscal years 2014 and 2013 the Company retained its principal auditor, Ernst & Young LLP, to provide services in the following categories and amounts:

|                                                                                                                                                                                                                                                               | 2014         | 2013         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Audit Fees</b> Fees for the annual financial statement and internal control audits, reviews of the Company's quarterly reports on Form 10-Q, and services normally provided by the independent auditor in connection with statutory and regulatory filings | \$ 2,366,411 | \$ 1,861,000 |
| <b>Audit Related Fees</b> Fees for the assurance and related services that are associated with the performance of the audit or interim financial statement review and are not reported under audit fees                                                       | \$ 3,520     | \$ 64,000    |
| <b>Tax Fees</b> Fees for tax compliance                                                                                                                                                                                                                       | \$ 0         | \$ 2,300     |
| Fees for assistance with tax audits and tax planning                                                                                                                                                                                                          | \$ 34,265    | \$ 63,036    |
| <b>All Other Fees</b> Fees for internal controls consultation services and compensation consulting                                                                                                                                                            | \$ 0         | \$ 0         |

All of the services described in Audit Fees, Audit Related Fees, Tax Fees and All Other Fees were pre-approved by the Audit Committee.

The Audit Committee has considered whether the provision of non-audit services by the Company's principal auditor is compatible with maintaining the independence of the Company's public accountants.

The Audit Committee Charter provides that the Audit Committee shall pre-approve all audit and permitted non-audit services to be performed by the independent auditor (subject to the de minimis exceptions under applicable law, rules and regulations). However, the Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant such pre-approvals, and the decisions of any member to whom such authority is delegated shall be presented to the full Audit Committee at its next regularly scheduled meeting. In determining whether to pre-approve permitted non-audit services, the Audit Committee (or the members with authority to pre-approve) shall consider whether the auditor's performance of such services is compatible with independence.

**PROPOSAL NO. 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC enacted requirements for the Company to include in this proxy statement a separate resolution, subject to an advisory (non-binding) vote, to approve the compensation of its Named Executive Officers. This proposal is commonly referred to as a "Say on Pay" proposal. As required by these rules, the Company is asking stockholders to vote FOR the adoption of the following resolution:

"Resolved, the compensation paid to the Company's Named Executive Officers, as disclosed pursuant Item 402 of Regulation S-K of the Securities Exchange Act of 1934, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED."

As an advisory (non-binding) vote, this proposal is not binding on the Company. Although the vote is non-binding, the Board and the Compensation Committee value the opinions of the stockholders and will consider the outcome of the vote when making future compensation decisions for the Named Executive Officers.

As outlined in the Compensation Discussion and Analysis ("CD&A") section that begins at page 11, the Company's compensation program is designed to maximize strategic Company goals based on the following objectives:

attract and retain executive talent;

link executive compensation with operating performance;

link executive long-term compensation with stockholder interests

facilitate a high-growth company strategy; and

award performance-based compensation that generally complies with Section 162(m) of the Code.

The Compensation Committee and the Board believe that the policies and procedures articulated in the CD&A are effective in achieving its goals and that the compensation of its Named Executive Officers reported in this proxy statement has contributed to the Company's recent and long-term success. The Company encourages stockholders to review the executive compensation disclosure in the CD&A and executive compensation tables for complete details of how its executive compensation policies and procedures operate and are designed to achieve the Company's compensation objectives.

**Vote Required for Approval; Board Recommendation**

The vote of a majority of votes cast at the Meeting, at which a quorum is present, is necessary for advisory approval of this proposal. Although this vote is advisory in nature and does not impose any action on the Company or the Compensation Committee, the Company strongly encourages all stockholders to vote on this matter.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION AS DISCLOSED IN THIS PROXY STATEMENT.**



**PROPOSAL NO. 3 RATIFICATION OF SELECTION OF INDEPENDENT  
PUBLIC ACCOUNTANTS**

Ernst & Young LLP served as independent public accountants for the Company for the fiscal year ended January 3, 2015. The Audit Committee has selected Ernst & Young LLP to continue to provide audit services for the current fiscal year ending January 2, 2016. Accordingly, the Board recommends that stockholders ratify the selection of Ernst & Young LLP to audit the Company for the current fiscal year. Representatives of Ernst & Young LLP are expected to attend the annual meeting, to make a statement if they desire to do so and to be available to respond to appropriate questions.

**Vote Required for Approval; Board Recommendation**

The vote of a majority of votes cast at the Meeting, at which a quorum is present, is necessary to approve the proposal to ratify the selection of Ernst & Young LLP as the Company's independent public accountants.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP.**

## MISCELLANEOUS

The Company's 2014 Annual Report to Stockholders, as well as the Company's quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports are available, free of charge, on the Company's internet website, [www.middleby.com](http://www.middleby.com). These reports are available as soon as reasonably practicable after they are electronically filed with or furnished to the SEC.

### **Cost of Solicitation**

This solicitation of proxies is made by the Company, and all expenses incurred in the solicitation of proxies will be borne by the Company. In addition to the use of the mails, proxies may be solicited on behalf of the Company by directors, officers and employees of the Company or by telephone, telecopy or electronically via the Internet. The Company will reimburse brokers and others holding Common Stock as nominees for their expenses in sending proxy material to the beneficial owners of such Common Stock and obtaining their proxies.

### **Requirements and Procedures for Submission of Stockholder Nominations of Director Candidates and Proposals of Security Holders**

*Stockholder Nominations of Director Candidates.* In order to have a director nominee considered by the Board for inclusion on the slate of nominees, a stockholder must submit the recommendation in writing to the Secretary of the Company and must include the following information: (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of Common Stock which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of Common Stock which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company (a) in the case of an annual meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

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*Stockholder Proposals.* Proposals of stockholders intended to be presented at the 2016 Annual Meeting of Stockholders under SEC Rule 14a-8 must be received by the Secretary of the Company at the Company's principal executive offices for inclusion in the Company's Proxy Statement and form of proxy relating to the 2016 Annual Meeting no later than December 5, 2015.

For a stockholder proposal outside the processes of Rule 14a-8 to be considered timely, the stockholder proposal must be received by the Company's Secretary no earlier than January 13, 2016, or later than February 12, 2016, provided that, in the event that the 2016 Annual Meeting of Stockholders is called for a date that is earlier than April 12, 2016, or later than June 11, 2016, the stockholder proposal, to be timely, must be received not later than the close of business on the tenth day following the day on which the Company's notice of the date of the 2016 Annual Meeting of Stockholders was mailed or public disclosure was made, whichever first occurs, and must otherwise comply with the requirements set forth in the Company's Bylaws.

By Order of the Board of Directors

MARTIN M. LINDSAY

*Treasurer*

Dated: April 2, 2015























QuickLinks

[PROPOSAL NO. 1 ELECTION OF DIRECTORS](#)

[EXECUTIVE OFFICERS](#)

[EXECUTIVE COMPENSATION Compensation Discussion and Analysis](#)

[Executive Summary](#)

[2014 Target Compensation](#)

[Discussion and Analysis](#)

[REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS](#)

[SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2014](#)

[Grants of Plan-Based Awards in Fiscal Year 2014](#)

[Outstanding Equity Awards at 2014 Fiscal Year End](#)

[SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT](#)

[Equity Compensation Plan Information](#)

[SECTION 16\(a\) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE](#)

[REPORT OF THE AUDIT COMMITTEE](#)

[PROPOSAL NO. 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION](#)

[PROPOSAL NO. 3 RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTANTS](#)

[MISCELLANEOUS](#)