Chefs' Warehouse Holdings, LLC
Form 424B4
July 29, 2011

Filed Pursuant to Rule 424(b)(4)
Registration Statement No. 333-173445
No. 333-175836

PROSPECTUS

9,000,000 Shares

The Chefs Warehouse, Inc.

Common Stock

We are offering 4,666,667 shares of our common stock and the selling stockholders identified in this prospectus are offering 4,333,333 shares of our common stock. Because the selling stockholders are our affiliates, a portion of the proceeds of the offering will benefit such affiliates. We will not receive any proceeds from the sale of shares by the selling stockholders. This is our initial public offering and, prior to this offering, there has been no public market for our common stock. Our common stock has been approved for listing on The NASDAQ Global Market under the symbol CHEF.

Investing in our common stock involves a high degree of risk. Please read Risk Factors beginning on page 12 of this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL
Public Offering Price	$ 15.00	$ 135,000,000.00
Underwriting Discounts and Commissions	$ 1.05	$ 9,450,000.00
Proceeds to The Chefs Warehouse, Inc. Before Expenses	$ 13.95	$ 65,100,005.00
Proceeds to Selling Stockholders Before Expenses	$ 13.95	$ 60,449,995.00

Delivery of the shares of common stock is expected to be made on or about August 2, 2011. The selling stockholders have granted the underwriters an option for a period of 30 days to purchase an additional 1,350,000 shares of our common stock to cover over-allotments. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by the selling stockholders will be $5,967,500 and the total proceeds to the selling stockholders, before expenses, will be $79,282,495.

Jefferies	**BMO Capital Markets**	**Wells Fargo Securities**

BB&T Capital Markets	**Canaccord Genuity**

Prospectus dated July 28, 2011

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We and the selling stockholders have not, and the underwriters have not, authorized anyone to give any information or to make any representations other than those that are contained in this prospectus or in any free writing prospectus issued by us. Do not rely upon any information or representations made outside of this prospectus or in any free writing prospectus issued by us. This prospectus is not an offer to sell, and it is not soliciting an offer to buy, (1) any securities other than shares of our common stock or (2) shares of our common stock in any circumstances in which the offer or solicitation is unlawful. The information contained in this prospectus may change after the date of this prospectus. Do not assume after the date of this prospectus that the information contained in this prospectus is still correct.

Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the securities and the distribution of the prospectus outside the United States.

Basis of Presentation

We utilize a 52/53 week fiscal year ending on a Friday near the end of December. Our fiscal years ended December 24, 2010, December 25, 2009, December 26, 2008, December 28, 2007 and December 29, 2006 were each comprised of 52 weeks. Fiscal years are identified in this prospectus according to the calendar year in which the fiscal years end. For example, references to 2010, fiscal 2010, fiscal year end 2010 or other similar references refer to the fiscal year ended December 24, 2010. Our fiscal year ending December 30, 2011 will have 53 weeks.

Industry and Market Data

This prospectus includes industry and market data that we derived from internal company records, publicly-available information and industry publications and surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. We believe that this data is accurate in all material respects as of the date of this prospectus. You should carefully consider the inherent risks and uncertainties associated with the industry and market data contained in this prospectus.

Trademarks and Trade Names

In this prospectus, we refer (without any ownership notation) to several registered and common law trademarks, including The Chefs Warehouse, Dairyland USA, Spoleto, Bel Aria and Grand Reserve. All brand names or other trademarks appearing in this prospectus are the property of their respective owners.

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and the historical consolidated financial statements, and the related notes thereto, included elsewhere in this prospectus. Because it is a summary, it does not contain all of the information that you should consider before investing in our common stock. You should read this entire prospectus carefully, including the more detailed information set forth under the caption Risk Factors and the historical consolidated financial statements, and the related notes thereto, included elsewhere in this prospectus before investing in our common stock.

On July 27, 2011, we converted our company from a Delaware limited liability company (Chefs Warehouse Holdings, LLC) to a Delaware corporation (The Chefs Warehouse, Inc.). Unless otherwise noted, the terms Company, we, us, and our refer to Chefs Warehouse Holdings, LLC and its consolidated subsidiaries prior to the conversion date and The Chefs Warehouse, Inc. and its consolidated subsidiaries on and after the conversion date. See Reorganization Transaction and Certain Relationships and Related-Party Transactions Reorganization Transaction. Unless otherwise indicated or the context otherwise requires, financial and operating data in this prospectus reflects the consolidated business and operations of Chefs Warehouse Holdings, LLC and its wholly-owned subsidiaries prior to the conversion and The Chefs Warehouse, Inc. and its wholly-owned subsidiaries from and after the conversion.

Company Overview

We are a premier distributor of specialty food products in the United States. We are focused on serving the specific needs of chefs who own and/or operate some of the nation s leading menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores. We believe that we have a distinct competitive advantage in serving these customers as a result of our extensive selection of distinctive and hard-to-find specialty food products, our product knowledge and our customer service.

We define specialty food products as gourmet foods and ingredients that are of the highest grade, quality or style as measured by their uniqueness, exotic origin or particular processing method. Our product portfolio includes over 11,500 stock-keeping units, or SKUs, and is comprised primarily of imported and domestic specialty food products, such as artisan charcuterie, specialty cheeses, unique oils and vinegars, hormone-free protein, truffles, caviar and chocolate. We also offer an extensive line of broadline food products, including cooking oils, butter, eggs, milk and flour. Our core customers are chefs, and we believe that, by offering a wide selection of both distinctive and hard-to-find specialty products, together with staple broadline food products, we are able to differentiate ourselves from larger, traditional broadline foodservice distributors, while simultaneously enabling our customers to utilize us as their primary foodservice distributor.

Since the formation of our predecessor in 1985, we have expanded our distribution network, product selection and customer base both organically and through acquisitions. From fiscal 2009 to fiscal 2010, net revenues, net income and earnings before interest, taxes, depreciation and amortization, or EBITDA, increased approximately $59.0 million, $6.9 million and $8.7 million, respectively, to $330.1 million, $15.9 million and $24.6 million, respectively. Net revenues, net income and EBITDA for the three months ended March 25, 2011 were $83.2 million, $1.0 million and $5.5 million, respectively, increases/(decreases) of $13.2 million, $(0.5) million and $1.8 million, respectively, over the comparable period in fiscal 2010. The decline in net income for the three months ended March 25, 2011 was a result of higher interest expense incurred as a result of a refinancing transaction completed in October 2010. Pro forma net income for fiscal 2010 and the three months ended March 25, 2011 was $12.0 million and $2.8 million, respectively. See footnote 3 to the Summary Consolidated Financial Data for a reconciliation of EBITDA to adjusted EBITDA and the information under the caption Unaudited Pro Forma Condensed Consolidated Financial Statements beginning on page F-21 for the calculation of pro forma net income for fiscal 2010 and the three months ended March 25, 2011. During these periods and in prior years, our sales to both new and existing customers have increased as a result of an increase in the breadth and depth of our product portfolio, our commitment to customer service, the efforts of our experienced and sophisticated sales professionals, the increased use of technology in the operations and management of our business and our ongoing consolidation of the fragmented specialty foodservice distribution industry, including acquisitions in San Francisco, Washington, D.C., Miami and New York City since 2007.

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Competitive Strengths

We believe that, during our 26-year history, we have achieved, developed and/or refined the following strengths which provide us with a distinct competitive position in the foodservice distribution industry and also the opportunity to achieve superior margins relative to most large broadline foodservice distributors:

Leading Distributor of Specialty Food Products in Many of the Key Culinary Markets. Based on our management s industry knowledge and experience, we believe we are the largest distributor of specialty food products in the New York, Washington, D.C., San Francisco and Los Angeles metro markets as measured by net sales. We believe these markets, along with a number of other markets we serve, including Las Vegas, Miami, Philadelphia, Boston and Napa Valley, create and set the culinary trends for the rest of the United States and provide us with valuable insight into the latest culinary and menu practices. Furthermore, we believe our established relationships with many of the top chefs, culinary schools and dining establishments in these key culinary markets have benefited us when we entered into new markets where we believe that chefs at our potential customers were generally knowledgeable of our brand and commitment to quality and excellence from their experience working in other markets which we serve or through their personal relationships throughout the culinary industry.

Expansive Product Offering. We offer an extensive portfolio of high-quality specialty food products, ranging from basic ingredients and staples, such as milk and flour, to delicacies and specialty ingredients sourced from North America, Europe, Asia and South America, which we believe helps our customers distinguish their menu items. We carry more than 11,500 SKUs, including approximately 7,000 that are in-stock every day, and we constantly evaluate our portfolio and introduce new products to address regional trends and preferences and ensure that we are on the leading edge of broader culinary trends. Through our importing division, we provide our customers with access to a portfolio of exclusive items, including regional olive oils, truffles and charcuterie from Italy, Spain, France and other Mediterranean countries. In addition, and as evidence of our commitment to aid our customers in creating unique and innovative menu items, we regularly utilize our sourcing relationships and industry insights to procure additional products that we do not regularly carry but that our customers specifically request. We believe that the breadth and depth of our product portfolio facilitates our customers ability to distinguish and enhance their menu offerings and differentiates us from larger traditional broadline foodservice distributors. For example, we provide a selection of more than 125 different varieties of olive oil, while large broadline foodservice distributors only carry, on average, 5-10 types of olive oil.

Critical Route-to-Market for Specialty Food Suppliers. We currently distribute products from more than 1,000 different suppliers, with no single supplier currently representing more than 5% of our total disbursements. Our suppliers are located throughout North America, Europe, Asia and South America and include numerous small, family-owned entities and artisanal food producers. We are the largest customer for many of our suppliers. As a result, our experienced and sophisticated sales professionals, customer relationships and distribution platform are critical to these suppliers route-to-market, which provides us with greater leverage in our relationships with the suppliers and also enables us to offer a wide range of products on an exclusive basis.

Expanding Base of Premier Customer Relationships. Our breadth and depth of product offerings coupled with our highly regarded customer service has allowed us to develop and retain a loyal customer base that is comprised of chefs who own or work at more than 7,000 of the nation s leading menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores. Our focus on product selection, product knowledge and customer service has rewarded us with a number of long-term customer relationships, which often begin when chefs are introduced to us while attending the nation s leading culinary schools, including The Culinary Institute of America and The French Culinary Institute, both of which have been customers of ours for more than five years.

Collaborative Professional and Educational Relationships with our Customers. We employ a sophisticated and experienced sales force of approximately 125 sales professionals, the majority of whom have formal culinary training, degrees in the culinary arts or prior experience working in the culinary industry. Equipped with advanced culinary and industry knowledge, our sales professionals seek to establish a rapport with our customers so that they can more fully understand and anticipate the needs of and offer cost-effective food product solutions to the chefs that own or operate these businesses. We believe that the specialized knowledge base of our sales professionals enables us to take a more collaborative and educational approach to selling our gourmet foods and ingredients and to further differentiate ourselves from our traditional broadline competitors.

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Expertise in Logistics and Distribution. We have built a first-class, scalable inventory management and logistics platform that enables us to efficiently fill an average of 11,000 orders each week and to profitably meet our customers needs for varying drop sizes, high service levels and timely delivery. Our average distribution service level, or the percentage of in-stock items ordered by customers that were delivered by the requested date, was in excess of 99% in 2010, which we believe is among the highest rates in the foodservice distribution industry. With distribution centers located in New York, Los Angeles, San Francisco, Washington D.C., Las Vegas and Miami, we are able to leverage our geographic footprint and reduce our inbound freight costs. This scale enables us to maintain a portfolio of more than 11,500 SKUs through the operation of our sophisticated information technology, inventory management and logistics systems, which we believe allows us to provide our customers with the highest level of customer service and responsiveness in our industry.

Experienced and Proven Management Team. Our senior management team has demonstrated the ability to grow the business through various economic environments. With collective experience of more than 60 years at The Chefs Warehouse and its predecessor, our founders and senior management are experienced operators and are passionate about our future. Our senior management team is comprised of our founders as well as experienced professionals with expertise in a wide range of functional areas, including finance, sales and marketing, information technology and human resources. We believe our management team and employee base is, and will remain, highly motivated as they will continue to own approximately 53.7% of our common stock upon consummation of this offering assuming no exercise of the over-allotment option.

Our Growth Strategies

We believe substantial organic growth opportunities exist in our current markets through increased penetration of our existing customers and the addition of new customers, and we have identified new markets that we believe also present opportunities for future expansion. Key elements of our growth strategy include the following:

Increase Penetration with Existing Customers. We intend to sell more products to our existing customers by increasing the breadth and depth of our product selection and increasing the efficiency of our sales professionals, while at the same time continuing to provide excellent customer service. We are a data-driven and goal-oriented organization, and we are highly focused on increasing the number of unique products we distribute to each customer and our weekly gross profit contribution from each customer. Based on our management s industry experience and our relationships and dealings with our customers, we believe we are the primary distributor of specialty food products to the majority of our customers, and we intend to maintain that position while adding to the number of customers for which we serve as their primary distributor of specialty food products.

Expand our Customer Base Within our Existing Markets. As of December 24, 2010, we served more than 7,000 customer locations in the United States. We plan to expand our market share in the fragmented specialty food distribution industry by cultivating new customer relationships within our existing markets through the continued penetration of independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores. We believe we have the opportunity to continue to gain market share in our existing markets by offering an extensive selection of specialty food products as well as traditional broadline staple food products through our unique, collaborative and educational sales efforts and efficient, scalable distribution solution.

Continue to Improve our Operating Margins. As we continue to grow, we believe we can improve our operating margins by continuing to leverage our inventory management and logistics platform and our general and administrative functions to yield both improved customer service and profitability. Utilizing our fleet of delivery trucks, we fill an average of 11,000 customer orders each week, usually within 12-24 hours of order placement. We intend to continue to offer our customers this high level of customer service while maintaining our focus on realizing efficiencies and economies of scale in purchasing, warehousing, distribution and general and administrative functions which, when combined with incremental fixed-cost leverage, we believe will lead to continued improvements in our operating margin.

Pursue Selective Acquisitions. Throughout our 26-year history, we have successfully identified, consummated and integrated multiple new market and tuck-in acquisitions. We believe we have improved the operations and overall profitability of each acquired company by leveraging our sourcing relationships to provide an expanded product portfolio, implementing our tested sales force training techniques and metrics and installing improved warehouse management and information systems. We believe we have the opportunity to capitalize on our existing

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infrastructure and expertise by continuing to selectively pursue opportunistic acquisitions in order to expand the breadth of our distribution network, increase our operating efficiency and add additional products and capabilities.

Recent Developments

On June 24, 2011, we purchased the inventory of Harry Wils & Co. and certain intangible assets, including Harry Wils & Co. s customer list and certain intellectual property. Harry Wils & Co. is a specialty foodservice distribution company headquartered in the New York City metropolitan area, and we believe that the purchase of these assets will allow us to increase the number of customers we service in the New York metropolitan area. The purchase price paid to Harry Wils & Co. was approximately $7.7 million for the intangible assets, plus approximately $1.2 million for inventory on hand. We assumed no liabilities in connection with the transaction and have relocated the inventory we purchased to our Bronx, New York distribution facility. We financed the purchase price for these assets with borrowings under our existing senior secured credit facilities.

Reorganization Transaction

On July 27, 2011, we completed a transaction in which we converted Chefs Warehouse Holdings, LLC into The Chefs Warehouse, Inc. Specifically, Chefs Warehouse Holdings, LLC, a Delaware limited liability company, converted into The Chefs Warehouse, Inc., a Delaware corporation, and the members of Chefs Warehouse Holdings, LLC received shares of our common stock in exchange for their membership interests in Chefs Warehouse Holdings, LLC.

We issued 16,000,000 shares of common stock in our reorganization transaction and each of the holders of our Class B units and Class C units received approximately 0.2942 shares of our common stock for each unit of membership interest in Chefs Warehouse Holdings, LLC owned by them at the time of the conversion. Of the total number of shares we issued in the reorganization transaction, 445,056 shares are restricted shares of our common stock issued upon conversion of our Class C units that had not vested as of the time of the conversion.

Refinancing Transactions

In connection with our redemption of all of our outstanding Class A units in October 2010, we entered into our existing $100.0 million senior secured credit facilities with a syndicate of lenders. The existing senior secured credit facilities provide for (i) a $75.0 million term loan facility and (ii) a revolving credit facility under which we may borrow up to $25.0 million. We also issued $15.0 million of our senior subordinated notes due 2014.

In connection with this offering, we have entered into a commitment letter, which we expect will be replaced by definitive loan documentation simultaneously with the closing of this offering, with JPMorgan Chase Bank, N.A. with respect to new senior secured credit facilities. Pursuant to the commitment letter, our new senior secured credit facilities will provide for (i) a four year, $30.0 million term loan facility maturing in 2015, and (ii) a four year, $50.0 million revolving credit facility maturing in 2015. We intend to use the net proceeds of this offering, together with a portion of borrowings under our new senior secured credit facilities, to repay all of our loans outstanding under our existing senior secured credit facilities and redeem or repurchase all of our outstanding senior subordinated notes due 2014.

Risk Factors

An investment in our common stock involves a high degree of risk. Before you invest in our common stock, you should carefully read and consider, among other things, the following risks as well as those described under the caption Risk Factors beginning on page 12 of this prospectus:

Our success depends to a significant extent on general economic conditions, including changes in disposable income levels and consumer spending trends;

Conditions beyond our control could materially affect the cost and/or availability of our specialty food products and/or interrupt our distribution network;

Our business is low-margin in nature and our profit margins are sensitive to inflationary and deflationary pressures;

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- Because our foodservice distribution operations are principally concentrated in six culinary markets, we are susceptible to economic and other developments, including adverse weather conditions, in these areas;
- Damage to our reputation or lack of acceptance of our specialty food products and/or the brands we carry in existing and new markets could materially and adversely impact our business, financial condition or results of operations;
- Our profit margins may be negatively affected if group purchasing organizations are successful in adding our independent restaurant customers as members;
- A significant portion of our future growth is dependent upon our ability to expand our operations in our existing markets and to penetrate new markets, including through acquisitions; and
- We may have difficulty managing and facilitating our future growth.

Company Information

Our principal executive office is located at 100 East Ridge Road, Ridgefield, Connecticut 06877, and our telephone number is (203) 894-1345. Our website address is *http://www.chefswarehouse.com*. Our website and the information contained therein or connected thereto is not and shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part and is provided as an inactive textual reference.

The Offering

Common stock offered by us	4,666,667 shares
Common stock offered by the selling stockholders	4,333,333 shares
Common stock to be outstanding immediately after this offering	20,666,667 shares

Selling Stockholders

See Principal and Selling Stockholders for information regarding the selling stockholders who are participating in this offering.

Over-Allotment Option

The selling stockholders have granted to the underwriters an option for a period of 30 days after the date of this prospectus to purchase up to 1,350,000 additional shares of our common stock to cover over-allotments. The information presented in this prospectus assumes that the underwriters do not exercise their over-allotment option.

Use of Proceeds

We will receive net proceeds from this offering of approximately $63.1 million, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering, together with borrowings under our new senior secured credit facilities, to:

- redeem or repurchase all of our outstanding senior subordinated notes due 2014 and pay any accrued but unpaid interest thereon and other related fees, including the call premium associated with such redemption or repurchase; and
- repay all of our loans outstanding under our existing senior secured credit facilities and any accrued but unpaid interest thereon and other related fees.

An affiliate of Jefferies & Company, Inc., an underwriter in this offering, is a lender under our existing term loan facility and one of the holders of our senior subordinated notes and will receive approximately $20.1 million of the net proceeds of this offering used to redeem or repurchase our senior subordinated notes and repay our existing term loan facility.

For a more complete description of our new senior secured credit facilities, see the information under the caption Description of Our Indebtedness New Senior Secured Credit Facilities.

We will not receive any of the proceeds from the sale of common stock by the selling stockholders. See Use of Proceeds, Description of Our Indebtedness, Principal and Selling Stockholders and Underwriting Affiliations and Conflicts of Interest.

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully read this entire prospectus, including the more detailed information set forth under the caption Risk Factors and the historical consolidated financial statements, and the related notes thereto, included elsewhere in this prospectus, before investing in our common stock.

Lock-up Agreements

Our directors, executive officers and holders of more than 5% of our outstanding common stock have agreed with the underwriters, subject to limited exceptions, not to sell, transfer or dispose of any of our shares for a period of

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180 days after the date of this prospectus. See the information under the caption Underwriting No Sales of Similar Securities for additional information.

Proposed NASDAQ Global Market Symbol

Our common stock has been approved for listing on The NASDAQ Global Market under the symbol CHEF.

Conflicts of Interest

As described under the caption Use of Proceeds, we intend to use net proceeds from this offering, together with borrowings under our new senior secured credit facilities, to (1) redeem or repurchase any and all of our outstanding senior subordinated notes and any accrued but unpaid interest thereon and other related fees, including the call premium associated with such redemption or repurchase, and (2) repay all of our loans outstanding under our existing senior secured credit facilities and any accrued but unpaid interest thereon and other related fees. Because an affiliate of Jefferies & Company, Inc. is a lender under our existing term loan facility and one of the holders of our senior subordinated notes and will receive approximately $20.1 million, or more than 5% of the net proceeds of this offering, due to such redemption and repayments, this offering will be conducted in accordance with Rule 5121 of the Financial Industry Regulatory Authority, Inc., or FINRA. This rule requires, among other things, that a qualified independent underwriter has participated in the preparation of, and has exercised the usual standards of due diligence with respect to, the registration statement and this prospectus. Wells Fargo Securities, LLC has agreed to act as qualified independent underwriter for the offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended, or the Securities Act, specifically including those inherent in Section 11 of the Securities Act. See Underwriting Affiliations and Conflicts of Interest.

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Summary Consolidated Financial Data

The following table sets forth, for the periods and as of the dates indicated, our summary consolidated financial data on an historical basis and, for the fiscal year ended December 24, 2010 and for the three months ended March 25, 2011, on a pro forma basis giving effect to our redemption of our Class A units, this offering, our reorganization transaction described below and the application of the net proceeds of this offering as described under the caption Use of Proceeds and borrowings under our new senior secured credit facilities. The statement of operations data for the fiscal years ended December 24, 2010, December 25, 2009 and December 26, 2008 are derived from our audited consolidated financial statements appearing elsewhere in this prospectus. We have derived the statement of operations data for the three months ended March 25, 2011 and March 26, 2010 and balance sheet data as of March 25, 2011 from our unaudited interim consolidated financial statements appearing elsewhere in this prospectus. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the Company s financial position at March 25, 2011 and results of its operations and its cash flows for the three months ended March 25, 2011 and March 26, 2010. The financial condition and results of operations as of and for the three months ended March 25, 2011 do not purport to be indicative of the financial condition or results of operations to be expected as of or for the fiscal year ending December 30, 2011. The pro forma data included in the table was prepared in accordance with Article 11 of Regulation S-X of the Securities Act.

The summary consolidated financial data presented on the following pages represent only portions of our financial statements and, accordingly, are not complete. You should read this information in conjunction with the information included under the captions Use of Proceeds, Capitalization, Selected Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Unaudited Pro Forma Condensed Consolidated Financial Statements and our consolidated financial statements, and the related notes thereto, which are included elsewhere in this prospectus.

On July 27, 2011, we converted our company from a Delaware limited liability company (Chefs Warehouse Holdings, LLC) to a Delaware corporation (The Chefs Warehouse, Inc.). See Certain Relationships and Related-Party Transactions Reorganization Transaction. The summary consolidated financial data relate to Chefs Warehouse Holdings, LLC and its consolidated subsidiaries.

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	FISCAL YEAR ENDED			THREE MONTHS ENDED		PRO FORMA (1) FISCAL YEAR ENDED	PRO FORMA (1) THREE MONTHS ENDED
	DECEMBER 24, 2010	DECEMBER 25, 2009	DECEMBER 26, 2008	MARCH 25, 2011	MARCH 26, 2010	DECEMBER 24, 2010	MARCH 25, 2011
	(In thousands, except per share data)						
Statement of Operations Data:							
Net revenues	$ 330,118	$ 271,072	$ 281,703	$ 83,183	$ 70,000	$ 330,118	$ 83,183
Cost of sales	244,340	199,764	211,387	61,148	52,017	244,340	61,148
Gross profit	85,778	71,308	70,316	22,035	17,983	85,778	22,035
Operating expenses	64,206	57,977	60,314	16,976	14,953	65,565	17,072
Operating profit	21,572	13,331	10,002	5,059	3,030	20,213	4,963
Interest expense	4,041	2,815	3,238	3,450	627	1,397	433
(Gain)/loss on fluctuation of interest rate swap	(910)	(658)	1,118	(81)	(183)	(910)	(81)
Other				3			3
Income from operations before income taxes	18,441	11,174	5,646	1,687	2,586	19,726	4,608
Provision for income taxes	2,567	2,213	3,450	667	1,050	7,693	1,797
Net income	$ 15,874	$ 8,961	$ 2,196	$ 1,020	$ 1,536	$ 12,033	$ 2,811
Deemed dividend accretion on Class A members units (2)	(4,123)	(6,207)	(3,000)		(1,180)		
Deemed dividend paid to Class A members units (2)	(22,429)						
Net income (loss) attributable to members units/common stockholders	$ (10,678)	$ 2,754	$ (804)	$ 1,020	$ 356	$ 12,033	$ 2,811
Basic net (loss) income per members	$ (0.15)	$ 0.04	$ (0.01)	$ 0.02	$ 0.00	$ 0.60	$ 0.14

unit/share of common stock														
Diluted net (loss) income per members unit/share of common stock	$	(0.15)	$	0.03	$	(0.01)	$	0.02	$	0.00	$	0.58	$	0.13
Weighted average members units/common shares outstanding:														
Basic		72,494		77,827		76,663		52,526		76,573		20,059		20,253
Diluted		72,494		81,851		76,663		54,375		79,515		20,883		20,873

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	FISCAL YEAR ENDED DECEMBER 24, 2010	FISCAL YEAR ENDED DECEMBER 25, 2009	FISCAL YEAR ENDED DECEMBER 26, 2008	THREE MONTHS ENDED MARCH 25, 2011	THREE MONTHS ENDED MARCH 26, 2010
	(In thousands, except per share data)				
Other Financial Data:					
Net cash provided by operating activities	$ 13,524	$ 11,885	$ 1,616	$ 3,136	$ 2,515
Net cash used in investing activities	$ (4,871)	$ (4,827)	$ (5,848)	$ (389)	$ (513)
Net cash (used in) provided by financing activities	$ (7,550)	$ (7,774)	$ 3,591	$ (3,869)	$ (1,547)
Capital expenditures	$ (1,133)	$ (1,061)	$ (1,848)	$ (389)	$ (513)
EBITDA(3)	$ 24,585	$ 15,906	$ 10,869	$ 5,525	$ 3,676
Adjusted EBITDA(3)	$ 23,937	$ 16,345	$ 12,340	$ 5,134	$ 3,580

	ACTUAL AS OF MARCH 25, 2011	AS ADJUSTED AS OF MARCH 25, 2011(5)
	(In thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 856	856
Working capital	$ 12,866(4)	21,373
Total assets	$ 81,297	79,203
Long-term debt, net of current portion	$ 81,999	31,164
Total liabilities	$ 129,089	69,748
Total members /stockholders equity (deficit)	$ (47,792)	9,455

(1) The pro forma data gives effect to the redemption of our Class A units, our conversion to a subchapter C corporation, this offering and the use of proceeds therefrom and the incurrence of $38.3 million of borrowings under our new senior secured credit facilities, as if they had been consummated on December 26, 2009. For a detailed presentation of this unaudited condensed consolidated pro forma statement of operations data, including a description of the transactions and assumptions underlying the pro forma adjustments giving rise to these results, please see the information contained under the caption Unaudited Pro Forma Condensed Consolidated Financial Statements beginning on page F-21 of this prospectus.

(2) Accreted dividends and the distribution for the final redemption of the Class A units are removed from earnings from the net income (loss) attributable to member s units as these distributions were not available to those members. For more information, see Note 2 to our audited consolidated financial statements included elsewhere in this prospectus.

(3) EBITDA represents earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization plus adjustments (i) in each of the periods for the gain or loss associated with the marking to market of an interest rate swap we entered into in 2005 that expired in January 2011; (ii) in the three months ended March 25, 2011 for the gain associated with foreign exchange contracts; (iii) in 2009 for severance costs related to our management restructuring; and (iv) in each of the periods

other than the three months ended March 25, 2011 for a management fee paid to BGCP/DL, LLC, or BGCP, a former member of ours, that will no longer be paid as a result of our redemption of all of our Class A units in October 2010. We are presenting EBITDA and Adjusted EBITDA, which are not measurements determined in accordance with U.S. generally accepted accounting principles, or GAAP, because we believe each of these measures provides an additional metric to evaluate our operations and which we believe, when considered with both our GAAP results and the reconciliation to net income, provides a more complete understanding of our business than could be obtained absent this disclosure. We use EBITDA and Adjusted EBITDA, together with financial measures prepared in accordance with GAAP, such as revenue and cash flows from operations, to assess our historical and prospective operating performance and to enhance our understanding of our core operating performance. Each of EBITDA and Adjusted EBITDA is presented because (i) we believe it is a useful measure for investors to assess the operating performance of our business without the effect of non-cash depreciation and amortization expenses and, in the case of Adjusted EBITDA, the above-described adjustments; (ii) we believe that investors will find it useful in assessing our ability to service or incur indebtedness; and (iii) we use it internally as a benchmark to evaluate our operating performance or compare our performance to that of our competitors. The use of EBITDA and Adjusted EBITDA as performance measures permits a comparative assessment of our operating performance relative to our performance based upon our GAAP results while isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. Companies within the foodservice distribution industry exhibit significant variations with respect to capital structures and cost of capital (which affect interest expense and tax rates) and differences in book depreciation of facilities and equipment (which affect relative depreciation expense), including significant differences in the depreciable lives of similar assets among various companies. Our management believes that both EBITDA and Adjusted EBITDA facilitate company-to-company comparisons within our industry by eliminating some of the foregoing variations.

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Neither EBITDA nor Adjusted EBITDA is a measurement determined in accordance with GAAP and each should not be considered in isolation or as an alternative to net income, net cash provided by operating, investing or financing activities or other financial statement data presented as indicators of financial performance or liquidity, each as presented in accordance with GAAP. Neither EBITDA nor Adjusted EBITDA should be considered as a measure of discretionary cash available to us to invest in the growth of our business. EBITDA and Adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies, and our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual items.

Our management recognizes that both EBITDA and Adjusted EBITDA have limitations as analytical financial measures, including the following:

- neither EBITDA nor Adjusted EBITDA reflects our capital expenditures or future requirements for capital expenditures;
- neither EBITDA nor Adjusted EBITDA reflects the interest expense, or the cash requirements necessary to service interest or principal payments, associated with our indebtedness;
- neither EBITDA nor Adjusted EBITDA reflects depreciation and amortization, which are non-cash charges, although the assets being depreciated and amortized will likely have to be replaced in the future, nor does EBITDA or Adjusted EBITDA reflect any cash requirements for such replacements; and
- neither EBITDA nor Adjusted EBITDA reflects changes in, or cash requirements for, our working capital needs.

A reconciliation of EBITDA and Adjusted EBITDA to net income is provided below.

	FISCAL YEAR ENDED			THREE MONTHS ENDED	
	DECEMBER 24, 2010	DECEMBER 25, 2009	DECEMBER 26, 2008	MARCH 25, 2011	MARCH 26, 2010
	(In thousands)				
Net income	$ 15,874	$ 8,961	$ 2,196	$ 1,020	$ 1,536
Interest expense	4,041	2,815	3,238	3,450	627
Depreciation and amortization	2,103	1,917	1,985	388	463
Provision for income taxes	2,567	2,213	3,450	667	1,050
EBITDA	$ 24,585	$ 15,906	$ 10,869	$ 5,525	$ 3,676
Adjustments:					
(Gain)/loss on fluctuation of interest rate swap [(a)]	(910)	(658)	1,118	(81)	(183)
(Gain)/loss on the marking to market of foreign exchange contracts [(b)]				(310)	
Management severance costs [(c)]		745			
BGCP annual management fee [(d)]	262	352	353		87
Adjusted EBITDA	$ 23,937	$ 16,345	$ 12,340	$ 5,134	$ 3,580

(a)

Represents the gain or loss we experienced on our interest rate swap in each period. When we entered into our interest rate swap in 2005, we did not elect to account for it under hedge accounting rules. As such, the mark-to-market movement of the swap is recorded through our statement of operations. This interest rate swap expired in January 2011.

(b) Represents the unrealized gain we experienced on our Eurodollar collar we entered into in the first quarter of 2011 as a hedge against imported products denominated, and paid for, in Euros.

(c) Represents cash severance payments to individuals in connection with our 2009 management restructuring.

(d) Represents the annual management fee we paid to BGCP in the respective periods. We redeemed all of our Class A units owned by BGCP in October 2010.

(4) Working capital is defined as the difference between current assets and current liabilities. At March 25, 2011, the then-outstanding balance under our senior secured revolving credit facility of $9.7 million was included within the current portion of long-term debt.

(5) Gives effect to (i) the reorganization transaction that occurred on July 27, 2011, (ii) this offering and (iii) the application of the net proceeds of this offering as described under the caption Use of Proceeds and $37.2 million of borrowings under our new senior secured credit facilities.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the following risk factors and the other information in this prospectus, including our consolidated financial statements and related notes to those statements, before you decide to invest in our common stock. If any of the following risks actually occur, our business, financial condition or results of operations could be adversely affected. As a result, the trading price of our common stock could decline and you could lose part or all of your investment.

Risks Relating to Our Business and Industry

Our success depends to a significant extent upon general economic conditions, including disposable income levels and changes in consumer discretionary spending.

Because our target customers include menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers and specialty food stores, our business is exposed to reductions in disposable income levels and discretionary consumer spending. The recent recession, coupled with high unemployment rates, reduced home values, increases in home foreclosures, investment losses, personal bankruptcies, reduced access to credit and reduced consumer confidence, has adversely impacted consumers ability and willingness to spend discretionary dollars. Economic conditions may remain volatile and may continue to repress consumer confidence and discretionary spending for the near term. If the weak economy continues for a prolonged period of time or worsens, consumers may choose to spend discretionary dollars less frequently which could result in a decline in consumers purchases of food-away-from-home, particularly in more expensive restaurants, and, consequently, the businesses of our customers by, among other things, reducing the frequency with which our customers customers choose to dine out or the amount they spend on meals while dining out. If our customers sales decrease, our profitability could decline as we spread fixed costs across a lower volume of sales. Moreover, we believe that, if the current negative economic conditions persist for an extended period of time or become more pervasive, consumers might ultimately make long-lasting changes to their discretionary spending behavior, including dining out less frequently on a permanent basis. Accordingly, adverse changes to consumer preferences or consumer discretionary spending, each of which could be affected by many different factors which are out of our control, could harm our business, financial condition or results of operations. Our continued success will depend in part upon our ability to anticipate, identify and respond to changing economic and other conditions and the impact that they may have on discretionary consumer spending.

Conditions beyond our control could materially affect the cost and/or availability of our specialty food products and/or interrupt our distribution network.

Our profitability and operating margins are dependent upon, among other things, our ability to anticipate and react to any interruptions in our distribution network and changes to food costs and availability. We obtain a significant portion of our specialty food products from local, regional, national and international third-party suppliers. We generally do not enter into long-term contracts with our suppliers whereby they would be committed to provide products to us for any appreciable duration of time. Although our purchasing volume can provide leverage when dealing with suppliers, particularly smaller suppliers for whom we may be their largest customer, suppliers may not provide or may be unable to provide the specialty food products we need in the quantities and at the times and prices we request. Failure to identify an alternate source of supply for these items or comparable products that meet our customers expectations may result in significant cost increases. Additionally, weather, governmental regulation, availability and seasonality may affect our food costs or cause a disruption in the quantity of our supply. For example, weather patterns in recent years have resulted in lower than normal levels of rainfall in key agricultural states such as California, impacting the price of water and the corresponding prices of food products grown in states facing drought conditions. Additionally, the route-to-market for some of the products we sell, such as baking chocolate, depends upon the stability of political climates in developing nations, such as the Ivory Coast. In such countries, political and social unrest may cause the prices for these products to rise to levels beyond those that our customers are willing to pay, if the product is available at all. If we are unable to obtain these products, our customers may seek a different supplier for these, or other, products which could negatively impact our business, financial condition or results of operations.

We do not currently use financial instruments to hedge our risk exposure to market fluctuations in the price of food products. Similarly, our suppliers may also be affected by higher costs to source or produce and transport food products, as well as by other related expenses that they pass through to their customers, which could result in higher costs for the specialty food products they supply to us. Our inability to anticipate and react to changing food costs through our sourcing and purchasing practices in the future could therefore negatively impact our business, financial condition or results of operations.

We are also subject to material supply chain interruptions based upon conditions outside of our control. These interruptions could include work slowdowns, work interruptions, strikes or other adverse employment actions taken by employees of suppliers, short-term weather conditions or more prolonged climate change, crop conditions, product recalls, water shortages, transportation interruptions within our distribution channels, unavailability of fuel or increases in fuel costs, competitive demands and natural disasters or other catastrophic events, such as food-borne illnesses or bioterrorism. The efficiency and effectiveness of our distribution network is dependent upon our suppliers ability to consistently deliver the specialty food products we need in the quantities and at the times and prices we request. Accordingly, if we are unable to obtain the specialty food products that comprise our product portfolio in a timely manner as a result of any of the foregoing factors or otherwise, we may be unable to fulfill our obligations to customers who may, as a result of any such failure, resort to other distributors for their food product needs.

Our business is a low-margin business and our profit margins may be sensitive to inflationary and deflationary pressures.

We operate within a segment of the foodservice distribution industry, which is an industry characterized by a high volume of sales with relatively low profit margins. Although our profit margins are typically higher than more traditional broadline foodservice distributors, they are still relatively low compared to other industries profit margins. Most of our sales are at prices that are based upon product cost plus a percentage markup. As a result, volatile food costs have a direct impact upon our profitability. Prolonged periods of product cost inflation may have a negative impact on our profit margins and results of operations to the extent we are unable to pass on all or a portion of such product cost increases to our customers. In addition, product cost inflation may negatively impact consumer discretionary spending decisions within our customers establishments, which could adversely impact our sales. Conversely, because most of our sales are at prices that are based upon product cost plus a percentage markup, our profit levels may be negatively impacted during periods of product cost deflation even though our gross profit as a percentage of sales may remain relatively constant. To compensate for lower gross margins, we, in turn, must reduce the expenses that we incur to service our customers. Our inability to effectively price our specialty food products, to quickly respond to inflationary and deflationary cost pressures and to reduce our expenses could have a material adverse impact on our business, financial condition or results of operations.

Group purchasing organizations may become more active in our industry and increase their efforts to add our customers as members of these organizations.

Some of our customers, including a majority of our hotel customers, purchase their products from us through group purchasing organizations. These organizations have increased their efforts to aggregate the purchasing power of smaller, independent restaurants in an effort to lower the prices paid by these customers on their foodservice orders, and we have experienced some pricing pressure from these purchasers. If these group purchasing organizations are able to add a significant number of our customers as members, we may be forced to lower the prices we charge these customers in order to retain the business, which would negatively affect our business, financial condition or results of operations. Additionally, if we were unable or unwilling to lower the prices we charge for our products to a level that was satisfactory to the group purchasing organization, we may lose the business of those of our customers that are members of these organizations, which would negatively impact our business, financial condition or results of operations.

Because our foodservice distribution operations are concentrated principally in six culinary markets, we are susceptible to economic and other developments, including adverse weather conditions, in these areas.

Our financial condition and results of operations are highly dependent upon the local economies of the six culinary markets in which we distribute our specialty food products. In recent years, certain of these markets have been more negatively impacted by the overall economic crisis, including experiencing higher unemployment rates and weaker housing market conditions, than other areas of the United States. Moreover, sales of our specialty products in our New York market, which we define as our operations on the East Coast of the United States spanning from Boston to Atlantic City, accounted for approximately 65% of our net revenues in our fiscal year ended 2010. We are therefore particularly exposed to downturns in this regional economy. Any further deterioration in the economic conditions of these markets generally, or in the local economy of the New York metropolitan area, specifically, could affect our business, financial condition or results of operations in a materially adverse manner.

In addition, given our geographic concentrations, other regional occurrences such as adverse weather conditions, terrorist attacks and other catastrophic events could have a material adverse effect on our business, financial condition or results of operations. Adverse weather conditions can significantly impact our ability to profitably and

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efficiently conduct our operations and, in severe cases, could result in our trucks being unable to make deliveries or cause the temporary closure or the destruction of one or more of our distribution centers. Our operations and/or distribution centers which are located in (i) New York City and Washington D.C. are particularly susceptible to significant amounts of snowfall and ice, (ii) Miami are particularly susceptible to hurricanes and (iii) Los Angeles and San Francisco are particularly susceptible to earthquakes and mudslides. Additionally, due to their prominence as, among other characteristics, densely-populated major metropolitan cities and as international hubs for intermodal transportation, each of our six markets is a known target for terrorist activity and other catastrophic events. If our operations are significantly disrupted or if any one or more of our distribution centers is temporarily closed or destroyed for any of the foregoing reasons, our business, financial condition or results of operations may be materially adversely affected. In anticipation of any such adverse weather conditions, terrorist attacks, man-made disasters or other unforeseen regional occurrences, we have implemented a disaster recovery plan. Should any of these events occur, if we are unable to execute our disaster recovery plan, we may experience failures or delays in the recovery of critical data, delayed reporting and compliance with governmental entities, inability to perform necessary corporate functions and other breakdowns in normal operating procedures that could have a material adverse effect on our business and create exposure to administrative and other legal claims against us.

Damage to our reputation or lack of acceptance of our specialty food products and/or the brands we carry in existing and new markets could materially and adversely impact our business, financial condition or results of operations.

We believe that we have built a strong reputation for the breadth and depth of our product portfolio and the brands we carry and that we must protect and grow their value to be successful in the future. Any incident that erodes consumer confidence in or affinity for our specialty food products or brands, whether or not justified, could significantly reduce their respective values and damage our business. If our customers perceive or experience a reduction in the quality or selection of our products and brands or our customer service, or in any way believe that we failed to deliver a consistently positive experience, our business, financial condition or results of operations may be affected in a materially adverse manner.

A specialty foods distribution business such as ours can be adversely affected by negative publicity or news reports, whether or not accurate, regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning our products or others across the food distribution industry. Although we have taken steps to mitigate food quality, public health and other foodservice-related risks, these types of health concerns or negative publicity cannot be completely eliminated or mitigated and may harm our results of operations and damage the reputation of, or result in a lack of acceptance of, our products or the brands we carry.

In addition, our ability to successfully penetrate new markets may be adversely affected by a lack of awareness or acceptance of our product portfolio or our brands in these new markets. To the extent we are unable to foster name recognition and affinity for our products and brands in new markets, we may not be able to penetrate these markets as anticipated, and, consequently, our growth may be significantly delayed or impaired.

Our customers are generally not obligated to continue purchasing products from us.

Most of our customers buy from us pursuant to individual purchase orders, as we generally do not enter into long-term agreements with our customers for the purchase of our products. Because our customers are generally not obligated to continue purchasing products from us, we cannot assure you that the volume and/or number of our customers purchase orders will remain constant or increase or that we will be able to maintain or add to our existing customer base. Significant decreases in the volume and/or number of our customers purchase orders or our inability to retain or grow our current customer base may have a material adverse effect on our business, financial condition or results of operations.

We have experienced losses due to our inability to collect accounts receivable in the past and could experience increases in such losses in the future if our customers are unable to pay their debts to us in a timely manner or at all.

Certain of our customers have experienced bankruptcy, insolvency and/or an inability to pay their debts to us as they come due. If our customers suffer significant financial difficulties or bankruptcies, they may be unable to pay their debts to us in a timely manner or at all. It is possible that our customers may contest their obligations to pay us under bankruptcy laws or otherwise. Even if our customers do not contest their obligations to pay us, if our customers are unable to pay their debts to us in a timely manner, it could adversely impact our ability to collect accounts receivable and may require that we take larger provisions for bad debt expense. Moreover, we may have to negotiate significant discounts and/or extended financing terms with these customers in such a situation in an attempt to secure payment for outstanding debts. Accordingly, if we are unable to collect upon our accounts receivable as they come due in an efficient and timely manner, our business, financial condition or results of operations may be materially and adversely affected. During periods of economic weakness, like those we have been experiencing, small to medium-sized businesses, like many of our independent restaurant and fine dining establishment customers, may be impacted more severely and more quickly than larger businesses. Consequently, the ability of such businesses to repay their obligations to us may deteriorate, and in some cases this deterioration may occur quickly, which could adversely impact our business, financial condition or results of operations.

Product liability claims could have a material adverse effect on our business, financial condition or results of operations.

Like any other distributor of food products, we face an inherent risk of exposure to product liability claims if the products we sell cause injury or illness. We may be subject to liability, which could be substantial, because of actual or alleged contamination in products sold by us, including products sold by companies before we acquired them. We have, and the companies we have acquired have had, liability insurance with respect to product liability claims. This insurance may not continue to be available at a reasonable cost or at all, and it may not be adequate to cover product liability claims against us or against any of the companies we have acquired. We generally seek contractual indemnification from manufacturers, but any such indemnification is limited, as a practical matter, to the creditworthiness of the indemnifying party. If we or any of our acquired companies do not have adequate insurance or contractual indemnification available, product liability claims and costs associated with product recalls, including a loss of business, could have a material adverse effect on our business, financial condition or results of operations.

Increased fuel costs may have a materially adverse effect on our business, financial condition or results of operations.

Increased fuel costs may have a negative impact on our business, financial condition or results of operations. The high cost of diesel fuel can increase the price we pay for products as well as the costs we incur to distribute products to our customers. These factors, in turn, may negatively impact our net sales, margins, operating expenses and operating results. Although we have been able to pass along a portion of increased fuel costs to our customers in the past, there is no guarantee we can do so again if another period of high fuel costs occurs. In recent months, fuel costs have increased, and remained higher than historical levels, as a result of, among other things, political turmoil in the Middle East and North Africa. If fuel costs continue to increase in the future, we may experience difficulties in passing all or a portion of these costs along to our customers, which may have a negative impact on our business, financial condition or results of operations.

New information or attitudes regarding diet and health or adverse opinions about the health effects of the specialty food products we distribute could result in changes in consumer eating habits which could materially and adversely affect our business, financial condition or results of operations.

Consumer eating habits may impact our business as a result of changes in attitudes regarding diet and health or new information regarding the health effects of consuming the specialty food products we distribute. If consumer eating habits change significantly, we may be required to modify or discontinue sales of certain items in our product portfolio, and we may experience higher costs associated with the implementation of those changes. Additionally, changes in consumer eating habits may result in the enactment of laws and regulations that impact the ingredients and nutritional content of our specialty food products, or laws and regulations requiring us to disclose the nutritional content of our specialty food products. Compliance with these laws and regulations, as well as others regarding the ingredients and nutritional content of our specialty food products, may be costly and time-consuming. We cannot make any assurances regarding our ability to effectively respond to changes in consumer health perceptions or resulting new laws or regulations or to adapt our menu offerings to trends in eating habits.

We have significant competition from a variety of sources, and we may not be able to compete successfully.

The foodservice distribution industry is highly fragmented and competitive, and our future success will be largely dependent upon our ability to profitably meet our customers needs for certain gourmet foods and ingredients, varying drop sizes, high service levels and timely delivery. We compete with numerous smaller distributors on a local level as well as with a limited number of larger, traditional broadline foodservice distributors. We cannot assure you that our current or potential competitors will not provide specialty food products and ingredients or services that are comparable or superior to those provided by us or adapt more quickly than we do to evolving culinary trends or changing market requirements. It is also possible that alliances among competitors may develop and rapidly acquire significant market share. Accordingly, we cannot assure you that we will be able to compete effectively against current and future competitors, and increased competition may result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect our business, financial condition or results of operations.

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A significant portion of our future growth is dependent upon our ability to expand our operations in our existing markets and to penetrate new markets through acquisitions.

We intend to expand our presence in our existing markets by adding to our existing customer base through the expansion of our product portfolio and the increase in the volume and/or number of purchase orders from our existing customers. We cannot assure you, however, that we will be able to continue to successfully expand or acquire critical market presence in our existing markets, as we may not successfully market our specialty food products and brands or may encounter larger and/or more well-established competitors with substantially greater financial resources. Moreover, competitive circumstances and consumer characteristics in new segments of existing markets may differ substantially from those in the segments in which we have substantial experience. If we are unable to expand in existing markets, our ability to increase our revenues and profitability may be affected in a material and adverse manner.

We also regularly evaluate opportunities to acquire other companies. To the extent our future growth includes acquisitions, we cannot assure you that we will successfully identify suitable acquisition candidates, consummate such potential acquisitions, effectively and efficiently integrate any acquired entities or successfully expand into new markets as a result of our acquisitions. We believe that there are risks related to acquiring companies, including overpaying for acquisitions, losing key employees of acquired companies and failing to achieve potential synergies. Additionally, our business could be adversely affected if we are unable to integrate the companies acquired in our acquisitions and mergers.

A significant portion of our past growth has been achieved through acquisitions of, or mergers with, other distributors of specialty food products. Our future acquisitions, such as our recently completed acquisition of certain of the assets of Harry Wils & Co., if any, may have a material adverse effect on our results of operations, particularly in periods immediately following the consummation of those transactions while the operations of the acquired business are being integrated with our operations. Achieving the benefits of acquisitions depends on timely, efficient and successful execution of a number of post-acquisition events, including successful integration of the acquired entity. Integration requires, among other things:

- maintaining the existing customer base;
- optimizing delivery routes;
- coordinating administrative, distribution and finance functions; and
- integrating management information systems and personnel.

The integration process could divert the attention of management, and any difficulties or problems encountered in the transition process could have a material adverse effect on our business, financial condition or results of operations. In particular, the integration process may temporarily redirect resources previously focused on reducing product cost, resulting in lower gross profits in relation to sales. In addition, the process of combining companies could cause the interruption of, or a loss of momentum in, the activities of the respective businesses, which could have an adverse effect on their combined operations.

In connection with our acquisition of businesses in the future, if any, we may decide to consolidate the operations of any acquired business with our existing operations, as we have done with the operations of Harry Wils & Co., or make other changes with respect to the acquired business, which could result in special charges or other expenses. Our results of operations also may be adversely affected by expenses we incur in making acquisitions, by amortization of acquisition-related intangible assets with definite lives and by additional depreciation attributable to acquired assets. Any of the businesses we acquire may also have liabilities or adverse operating issues, including some that we fail to discover before the acquisition, and our indemnity for such liabilities typically has been limited and may, with respect to future acquisitions, also be limited. Additionally, our ability to make any future acquisitions may depend upon obtaining additional financing or the consents of our lenders. We may not be able to obtain this additional financing or these consents on acceptable terms or at all. To the extent we seek to acquire other businesses in exchange for our common stock, fluctuations in our stock price could have a material adverse effect on our ability to complete acquisitions.

We may have difficulty managing and facilitating our future growth.

At times since our inception, we have rapidly expanded our operations through organic growth, acquisitions or otherwise. This growth has placed and will continue to place significant demands upon our administrative, operational and financial resources. This growth, however, may not continue. To the extent that our customer base and our distribution networks continue to grow, this future growth may be limited by our inability to acquire new distribution facilities or expand our existing distribution facilities, make acquisitions, successfully integrate acquired entities, implement information systems initiatives or adequately manage our personnel.

Further, our future growth may be limited in part by the size and location of our distribution centers. As we near maximum utilization of a given facility, our operations may be constrained and inefficiencies may be created, which could adversely affect our results of operations unless the facility is expanded, volume is shifted to another facility or additional processing capacity is added. Conversely, as we add additional facilities or expand existing operations or facilities, excess capacity may be created. Any excess capacity may also create inefficiencies and adversely affect our results of operations. We cannot assure you that we will be able to successfully expand our existing distribution facilities or open new distribution facilities in new or existing markets as needed to facilitate growth.

Even if we are able to expand our distribution network, our ability to compete effectively and to manage future growth, if any, will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our employees. We cannot assure you that our existing personnel, systems, procedures and controls will be adequate to support the future growth of our operations. Accordingly, our inability to manage our growth effectively could have a material adverse effect on our business, financial condition or results of operations.

Our substantial indebtedness may limit our ability to invest in the ongoing needs of our business.
We have a substantial amount of indebtedness. On an as adjusted basis after giving effect to this offering, and the use of the offering proceeds as described under Use of Proceeds, as well as our entry into our new senior secured credit facilities, as of March 25, 2011, we would have had approximately $37.2 million of total indebtedness. In particular, we expect to have approximately $30.0 million and $7.2 million of outstanding indebtedness under our new senior secured term loan facility and new senior secured revolving credit facility, respectively, following the consummation of this offering. See Use of Proceeds and Description of Our Indebtedness.

Our current indebtedness and expected future indebtedness following the consummation of this offering could have important consequences to you. For example, our current indebtedness:

- requires us to utilize a substantial portion of our cash flows from operations to make payments on our indebtedness, reducing the availability of our cash flows to fund working capital, capital expenditures, development activity and other general corporate purposes;
- increases our vulnerability to adverse general economic or industry conditions;
- limits our flexibility in planning for, or reacting to, changes in our business or the industries in which we operate;
- makes us more vulnerable to increases in interest rates, as borrowings under our new senior secured revolving credit facility are expected to be at variable rates;
- limits our ability to obtain additional financing in the future for working capital or other purposes, including to finance acquisitions; and
- places us at a competitive disadvantage compared to our competitors that have less indebtedness.

We expect that the terms of our new senior secured credit facilities that we intend to enter into simultaneously with the consummation of this offering will have many of the same consequences on us and our stockholders. If, following the consummation of this offering, our earnings are insufficient, we will need to raise additional capital to pay our indebtedness as it comes due. If we are unable to obtain funds necessary to make required payments or if we fail to comply with the various requirements of our new senior secured credit facilities we would be in default, which would permit the holders of our indebtedness to accelerate the maturity of the indebtedness and could cause defaults under any indebtedness we may incur in the future. Any default under our indebtedness would have a material adverse effect on our business, operating results and financial condition. If we are unable to refinance or repay our indebtedness as it becomes due, we may become insolvent and be unable to continue operations.

Although the agreements governing our new senior secured credit facilities will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent us from incurring obligations that do not constitute indebtedness.

The agreements governing our new senior secured credit facilities we expect to enter into in conjunction with the consummation of this offering are expected to require us to maintain fixed charge coverage ratios and leverage ratios which become more restrictive over time. Our ability to comply with these ratios in the future may be affected by events beyond our control, and our inability to comply with the required financial ratios could result in a default under our new senior secured credit facilities. In the event of any default, the lenders under our new senior secured credit facilities could elect to terminate lending commitments and declare all borrowings outstanding, together with accrued and unpaid interest and other fees, to be immediately due and payable.

See Description of Our Indebtedness, Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

We may be unable to obtain debt or other financing on favorable terms or at all.
There are inherent risks in our ability to borrow debt capital. Our lenders, including the lenders participating in our new senior secured credit facilities, may have suffered losses related to their lending and other financial relationships, especially because of the general weakening of the national economy over the past three years, increased financial instability of many borrowers and the declining value of their assets. As a result, lenders may become insolvent or tighten their lending standards, which could make it more difficult for us to borrow under our new senior secured revolving credit facility or term loan facility, refinance our existing indebtedness or obtain other financing on favorable terms or at all. Our access to funds under our new senior secured credit facilities is dependent upon the ability of our lenders to meet their funding commitments. Our financial condition and results of operations would be adversely affected in a material manner if we were unable to draw funds under our new senior secured revolving credit facility because of a lender default or if we had to obtain other cost-effective financing.

Longer term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business can be arranged. Such measures could include deferring capital expenditures (including our entry into new markets, including through acquisitions) and reducing or eliminating other discretionary uses of cash.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business.
We rely upon our computer systems and network infrastructure across our operations. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business, financial condition or results of operations. Although we employ both internal resources and external consultants to conduct auditing and testing for weaknesses in our systems, controls, firewalls and encryption and intend to maintain and upgrade our security technology and operational procedures to prevent such damage, breaches or other disruptive problems, there can be no assurance that these security measures will be successful.

Our recent investments in information technology may not produce the benefits that we anticipate.
In an attempt to reduce our operating expenses, increase our operational efficiencies and boost our gross margins, we have aggressively invested in the development and implementation of new information technology. We may not be able to implement these technological changes in the time frame we have planned, and any delays in implementation

could negatively impact our business, financial condition or results of operations. In addition, the costs to make these changes may exceed our estimates and will likely exceed any benefits that we realize during the early stages of implementation. Even if we are able to implement the changes as planned, and within our cost estimates, we may not be able achieve the expected efficiencies and cost savings from this investment which could have an adverse effect on our business, financial condition or results of operations.

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We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brands and adversely affect our business.

Our ability to implement our business plan successfully depends in part upon our ability to further build brand recognition, including for our proprietary products, using our trademarks, service marks and other proprietary intellectual property, including our names and logos. We have registered or applied to register a number of our trademarks. We cannot assure you that our trademark applications will be approved. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our goods and services, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. If our efforts to register, maintain and protect our intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes upon our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business, financial condition or results of operations and might prevent our brands from achieving or maintaining market acceptance.

We may also face the risk of claims that we have infringed third parties intellectual property rights. If third parties claim that we have infringed or are infringing upon their intellectual property rights, our operating profits could be affected in a materially adverse manner. Any claims of intellectual property infringement, even those without merit, could be expensive and time consuming to defend, require us to rebrand our services, if feasible, divert management s attention and resources or require us to enter into royalty or licensing agreements in order to obtain the right to use a third party s intellectual property. Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us could result in our being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products or services, any of which could have a negative impact on our business, financial condition or results of operations and could harm our future prospects.

Our business operations and future development could be significantly disrupted if we lose key members of our management team.

The success of our business significantly depends upon the continued contributions of our founders and key employees, both individually and as a group. Our future performance will substantially depend upon our ability to motivate and retain Christopher Pappas, our chairman, president and chief executive officer, John Pappas, our vice chairman, James Wagner, our chief operating officer and Kenneth Clark, our chief financial officer, as well as certain other senior key employees. The loss of the services of any of our founders or key employees could have a material adverse effect on our business, financial condition or results of operations. We have no reason to believe that we will lose the services of any of these individuals in the foreseeable future; however, we currently have no effective replacement for any of these individuals due to their experience, reputation in the foodservice distribution industry and special role in our operations.

Our insurance policies may not provide adequate levels of coverage against all claims, and fluctuating insurance requirements and costs could negatively impact our profitability.

We believe that our insurance coverage is customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. These losses, should they occur, could have a material and adverse effect on our business, financial condition or results of operations. In addition, the cost of workers compensation insurance, general liability insurance and directors and officers liability insurance fluctuates based upon our historical trends, market conditions and availability. Because our operations principally are centered in large, metropolitan areas, our insurance costs are higher than if our operations and facilities were based in more rural markets. Additionally, health insurance costs in general have risen significantly over the past few years and are expected to continue to increase in 2011. These increases, as well as recently-enacted federal legislation requiring employers to provide specified levels of health insurance to all employees, could have a negative impact upon our business, financial condition or results of operations, and there can be no assurance that we will be able to successfully offset the effect of such increases with plan modifications and cost control measures, additional operating efficiencies or the pass-through of such increased costs to our customers.

Increases in our labor costs, including as a result of labor shortages, the price or unavailability of insurance and changes in government regulation, could slow our growth or harm our business.

We are subject to a wide range of labor costs. Because our labor costs are, as a percentage of revenues, higher than other industries, we may be significantly harmed by labor cost increases.

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Our operations are highly dependent upon our experienced and sophisticated sales professionals. Qualified individuals have historically been in short supply and an inability to attract and retain them may limit our ability to expand our operations in existing markets as well as to penetrate new markets. We can make no assurances that we will be able to attract and retain qualified individuals in the future. Additionally, the cost of attracting and retaining qualified individuals may be higher than we currently anticipate, and as a result, our profitability could decline. We are subject to the risk of employment-related litigation at both the state and federal levels, including claims styled as class action lawsuits, which are more costly to defend. Also, some employment-related claims in the area of wage and hour disputes are not insurable risks.

Despite our efforts to control costs while still providing competitive health care benefits to our staff members, significant increases in health care costs continue to occur, and we can provide no assurance that our cost containment efforts in this area will be effective. Further, we are continuing to assess the impact of recently-adopted federal health care legislation on our health care benefit costs, and significant increases in such costs could adversely impact our operating results. There is no assurance that we will be able to pass through the costs of such legislation in a manner that will not adversely impact our operating results.

In addition, many of our delivery and warehouse personnel are hourly workers subject to various minimum wage requirements. Mandated increases in minimum wage levels have recently been and continue to be proposed and implemented at both federal and state government levels. Minimum wage increases may increase our labor costs or effective tax rate.

We are also subject to the regulations of the U.S. Citizenship and Immigration Services and U.S. Customs and Immigration Enforcement. Our failure to comply with federal and state labor laws and regulations, or our employees failure to meet federal citizenship or residency requirements, could result in a disruption in our work force, sanctions or fines against us and adverse publicity.

Further, potential changes in labor legislation, including the Employee Free Choice Act, or EFCA, could result in portions of our workforce, such as our delivery personnel, being subjected to greater organized labor influence. The EFCA could impact the nature of labor relations in the United States and how union elections and contract negotiations are conducted. The EFCA aims to facilitate unionization, and employers of unionized employees may face mandatory, binding arbitration of labor scheduling, costs and standards, which could increase the costs of doing business. Although we do not currently have any unionized employees, EFCA or similar labor legislation could have an adverse effect on our business, financial condition or results of operations by imposing requirements that could potentially increase costs and reduce our operating flexibility.

We are subject to significant governmental regulation.

Our business is highly regulated at the federal, state and local levels, and our specialty food products and distribution operations require various licenses, permits and approvals. For example:

- the products we distribute in the United States are subject to regulation and inspection by the U.S. Food and Drug Administration, or FDA, and the U.S. Department of Agriculture, or USDA;
- our warehouse, distribution facilities and operations also are subject to regulation and inspection by the FDA, the USDA and state health authorities; and
- our U.S. trucking operations are regulated by the U.S. Department of Transportation and the U.S. Federal Highway Administration.

Our suppliers are also subject to similar regulatory requirements and oversight. The failure to comply with applicable regulatory requirements could result in civil or criminal fines or penalties, product recalls, closure of facilities or operations, the loss or revocation of any existing licenses, permits or approvals or the failure to obtain additional licenses, permits or approvals in new jurisdictions where we intend to do business, any of which could have a material adverse effect on our business, financial condition or results of operations.

In addition, as a distributor of specialty food products, we are subject to increasing governmental scrutiny of and public awareness regarding food safety and the sale, packaging and marketing of natural and organic products. Compliance with these laws may impose a significant burden upon our operations. If we were to distribute foods that are or are perceived to be contaminated, or otherwise not in compliance with applicable laws, any resulting product recalls could have a material adverse effect on our business, financial condition or results of operations. In

January 2011, President Obama signed into law the FDA Food Safety Modernization Act, which greatly expands the FDA s authority over food safety, including giving the FDA power to order the recall of unsafe foods, increase inspections at food processing facilities, issue regulations regarding the sanitary transportation of food, enhance tracking and tracing requirements and order the detention of food that it has reason to believe is adulterated or misbranded, among other provisions. If funding for this legislation is appropriated, we cannot assure you that it will not impact our industry, including suppliers of the products we sell, many of whom are small-scale producers who may be unable or unwilling to bear the expected increases in costs of compliance and as a result cease operations or seek to pass along these costs to us.

Additionally, concern over climate change, including the impact of global warming, has led to significant U.S. and international legislative and regulatory efforts to limit greenhouse gas, or GHG, emissions. Increased regulation regarding GHG emissions, especially diesel engine emissions, could impose substantial costs upon us. These costs include an increase in the cost of the fuel and other energy we purchase and capital costs associated with updating or replacing our vehicles prematurely.

Until the timing, scope and extent of such regulation becomes known, we cannot predict its effect on our business, financial condition or results of operations. It is reasonably possible, however, that such regulation could impose material costs on us which we may be unable to pass on to our customers.

We will incur increased costs and obligations as a result of being a public company.

As a public company, we will incur significant legal, accounting, insurance and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. We also will incur costs associated with complying with the requirements of the Sarbanes-Oxley Act of 2002 and related rules implemented by the SEC and The NASDAQ Stock Market. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make certain activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

Compliance with Section 404 of the Sarbanes-Oxley Act of 2002 will require our management to devote substantial time to new compliance initiatives, and if our independent registered public accounting firm is unable to provide an unqualified attestation report on our internal controls, our stock price could be adversely affected.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we will be required to furnish a report by our management on, and by our independent registered public accounting firm attesting to, the effectiveness of our internal control over financial reporting. We have not been subject to these requirements in the past. The internal control report must contain (i) a statement of management s responsibility for establishing and maintaining adequate internal control over financial reporting, (ii) a statement identifying the framework used by management to conduct the required evaluation of the effectiveness of our internal control over financial reporting, (iii) management s assessment of the effectiveness of our internal control over financial reporting as of the end of our most recent fiscal year, including a statement as to whether or not internal control over financial reporting is effective, and (iv) a statement that our independent registered public accounting firm has issued an attestation report on internal control over financial reporting.

To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, hire additional employees for our finance and audit functions, engage outside consultants and adopt a detailed work plan to (i) assess and document the adequacy of internal control over financial reporting, (ii) continue steps to improve control processes where appropriate, (iii) validate through testing that controls are functioning as documented, and (iv) implement a continuous reporting and improvement process for internal control over financial reporting. In addition, in connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in completing the implementation of any required improvements and receiving a favorable attestation. If we cannot favorably

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assess the effectiveness of our internal control over financial reporting, or if our independent registered public accounting firm is unable to provide an unqualified attestation report on our internal controls, investors could lose confidence in our financial information and our stock price could decline.

Federal, state and local tax rules may adversely impact our business, financial condition or results of operations. We are subject to federal, state and local taxes in the United States. Although we believe that our tax estimates are reasonable, if the Internal Revenue Service, or IRS, or any other taxing authority disagrees with the positions we have taken on our tax returns, we could face additional tax liability, including interest and penalties. If material, payment of such additional amounts upon final adjudication of any disputes could have a material impact upon our business, financial condition or results of operations. In addition, complying with new tax rules, laws or regulations could impact our business, financial condition or results of operations, and increases to federal or state statutory tax rates and other changes in tax laws, rules or regulations may increase our effective tax rate. Any increase in our effective tax rate could have a material impact on our business, financial condition or results of operations.

Risks Relating to this Offering

The price of our common stock may be volatile and you could lose all or part of your investment. Volatility in the market price of our common stock may prevent you from being able to sell your shares at or above the price you paid for your shares in this offering. The market price of our common stock could fluctuate significantly for various reasons, which include, but are not limited to:

- our quarterly or annual earnings or those of other companies in the foodservice distribution industry;
- changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to our business;
- the public s reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in accounting standards, policies, guidance, interpretations or principles;
- additions or departures of our founders or other key employees;
- sales of common stock by our directors, founders or other key employees;
- adverse market reaction to any indebtedness that we may incur or securities that we may issue in the future;
- actions by our stockholders;
- the level and quality of research analyst coverage of our common stock, changes in financial estimates or investment recommendations by securities analysts following our business or any failure to meet such estimates;
- the financial disclosure we may provide to the public, any changes in such disclosure or our failure to meet such disclosure;
- various market factors or perceived market factors, including rumors, whether or not correct, involving us, our suppliers or our customers;
- introductions of new offerings or new pricing policies by us or by our competitors;
- acquisitions or strategic alliances by us or our competitors;
- short sales, hedging and other derivative transactions involving shares of our common stock;
- the operating and stock price performance of other companies in the foodservice distribution industry; and
- other events or factors, including changes in general conditions in the United States and global economies or financial markets (including those resulting from Acts of God, war, incidents of terrorism or responses to such events).

In addition, in recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the foodservice distribution industry. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our stock price.

Historically, following periods of significant market volatility in the price of a company s securities, security holders have often instituted class action litigation. If the market value of our common stock experiences adverse fluctuations and we

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become involved in this type of litigation, regardless of the outcome, we could incur substantial legal costs and our management s attention could be diverted from the operation of our business, causing our business to suffer.

Upon the completion of this offering, the concentration of our capital stock ownership with our founders and other executive officers will likely limit an investor s ability to influence corporate matters.

Upon completion of this offering and the reorganization transactions, our founders and executive officers will own approximately 53.8% of our outstanding common stock or approximately 47.3% if the underwriters exercise their over-allotment option in full. See Certain Relationships and Related-Party Transactions Reorganization Transaction. As a result, these stockholders, acting individually or together, can exercise significant influence over our business policies and affairs, including the power to nominate a majority of the members of our board of directors. Because of such power and because our board of directors is responsible for appointing the members of our senior management team, our founders and key employees could affect any attempt by our stockholders to replace current members of our management team. In addition, our founders and key employees can control any action requiring the general approval of our stockholders, including the adoption of amendments to our certificate of incorporation and bylaws and the approval of mergers or sales of substantially all of our assets. It is possible that the interests of certain of our founders and other key employees may, in certain circumstances, conflict with our interests, the interests of our other founders, key employees or minority stockholders, including you. For example, the concentration of ownership and voting power of our founders and key employees may delay, defer or even prevent an acquisition by a third party or other change of control involving us and may make some transactions more difficult or impossible without their support, even if such events are in the best interests of our minority stockholders. As a result, our founders and key employees could pursue transactions that may not be in our best interests which could have a material adverse effect on our business, financial condition or results of operations.

Upon our conversion to a corporation, we opted out of Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, which prohibits a publicly-held Delaware corporation from engaging in a business combination transaction with an interested stockholder for a period of three years after the interested stockholder became such unless the transaction fits within an applicable exemption, such as approval of the business combination by our board of directors or the transaction which resulted in such stockholder becoming an interested stockholder. Therefore, after the 180-day lock-up period expires, our founders and key employees will be able to transfer control of us to a third party by transferring their common stock, which would not require the approval of our board of directors or our minority stockholders.

For additional information regarding the share ownership of, and our relationship with, our founders and key employees, see Principal and Selling Stockholders and Certain Relationships and Related-Party Transactions.

If our founders decide to act as a group under the federal securities laws, this group would own in excess of 50% of our outstanding common stock and as a result we would qualify for the controlled company exemptions offered by The NASDAQ Marketplace Rules.

Our founders collectively hold approximately 100% of our Class B units, and upon consummation of this offering we expect that they will hold approximately 50.2% of our outstanding common stock (assuming no exercise by the underwriters of their right to purchase up to an additional 1,350,000 shares from the selling stockholders to cover over-allotments). Our founders are not a party to any agreement among themselves as to how to vote their shares, and we do not anticipate that they will enter into such an agreement or file a Schedule 13D with the SEC in which they indicate they will act as a group. Because none of our founders individually owns more than 50% of our outstanding common stock and no group has been formed that owns in excess of 50% of our outstanding common stock, we do not expect that we will qualify as a controlled company under The NASDAQ Marketplace Rules. While we have no indication that our founders intend to file a Schedule 13D or act as a group with respect to us, their intentions may change in the future, and we could subsequently qualify as a controlled company under The NASDAQ Marketplace Rules and be entitled to exemptions from certain of The NASDAQ Stock Market s corporate governance requirements.

In such event, if our stockholders interests differed from those of our founders, our stockholders would not be afforded the protections of certain of The NASDAQ Stock Market s corporate governance requirements which are generally intended to increase the likelihood that boards of directors will make decisions in the best interests of stockholders. Specifically, if we qualify as a controlled company in the future, we would not be required to have a majority of our directors be independent or to have compensation or nominating and corporate governance committees comprised solely of independent directors.

There is no existing market for our common stock, and we do not know if one will develop to provide you with adequate liquidity.

Prior to this offering, there has not been a public market for our common stock. An active market for our common stock may not develop following the completion of this offering or, if it does develop, may not be maintained. If an active trading market does not develop, you may have difficulty selling any shares of our common stock that you buy. The initial public offering price for the shares of our common stock was determined by negotiations between us, the selling stockholders and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following the completion of this offering. Consequently, you may not be able to sell shares of our common stock at prices equal to or greater than the price you paid in this offering.

Future sales of our common stock, including shares purchased in this offering, in the public market could lower our stock price.

Sales of substantial amounts of our common stock in the public market following this offering by our existing stockholders may adversely affect the market price of our common stock. Such sales could also create public perception of difficulties or problems with our business. These sales might also make it more difficult for us to sell securities in the future at a time and price we deem appropriate.

Upon the completion of this offering and after giving effect to the consummation of the reorganization transaction, we will have outstanding 20,666,667 shares of common stock, of which:

- 9,000,000 shares will be shares that we and the selling stockholders are selling in this offering and, unless purchased by affiliates, may be resold in the public market without restriction immediately after this offering; and
- 11,666,667 shares will be restricted securities, as defined in Rule 144 under the Securities Act, and eligible for sale in the public market pursuant to the provisions of Rule 144, 11,114,943 of which are subject to lock-up agreements and will become available for resale in the public market beginning 180 days after the date of this prospectus.

With limited exceptions, as described under the caption Underwriting, these lock-up agreements prohibit a stockholder from selling, contracting to sell or otherwise disposing of any common stock or securities that are convertible or exchangeable for common stock or entering into any arrangement that transfers the economic consequences of ownership of our common stock for at least 180 days from the date of this prospectus, although Jefferies & Company, Inc. may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to these lock-up agreements. Jefferies & Company, Inc. has advised us that it has no present intent or arrangement to release any shares subject to a lock-up and will consider the release of any lock-up on a case-by-case basis. Upon a request to release any shares subject to a lock-up, Jefferies & Company, Inc. would consider the particular circumstances surrounding the request including, but not limited to, the length of time before the lock-up expires, the number of shares requested to be released, reasons for the request, the possible impact on the market for our common stock and whether the holder of our shares requesting the release is an officer, director or other affiliate of ours. As a result of these lock-up agreements, notwithstanding earlier eligibility for sale under the provisions of Rule 144, none of these shares may be sold until at least 180 days after the date of this prospectus. As restrictions on resale end, our stock price could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These sales might also make it more difficult for us to sell securities in the future at a time and at a price that we deem appropriate.

If you purchase shares of common stock in this offering, you will experience immediate and significant dilution in the net tangible book value per share.

The initial public offering price per share is substantially higher than the pro forma net tangible book value per share immediately after this offering. As a result, you will pay a price per share that substantially exceeds the book value of our assets after subtracting our liabilities. Based on the offering price of $15.00 per share, you will incur immediate and substantial dilution in the amount of $14.84 per share. See Dilution. Any future equity issuances, including in connection with our establishing broad-based equity incentive plans for our employees, will result in even further dilution to holders of our common stock.

If securities analysts or industry analysts downgrade our stock, publish negative research or reports or do not publish reports about our business, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our business and our industry. If one or more analysts adversely change their recommendation regarding our stock or our competitors stock, our stock price may likely decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Since we do not expect to pay any dividends for the foreseeable future, investors in this offering may be forced to sell their stock in order to realize a return on their investment.

We have not declared or paid any dividends on our common stock. We do not anticipate that we will pay any dividends to holders of our common stock for the foreseeable future. Any payment of cash dividends will be at the discretion of our board of directors and will depend upon our financial condition, capital requirements, legal requirements and earnings, among other factors. We anticipate that our ability to pay dividends will be restricted by the terms of our new senior secured credit facilities and might be restricted by the terms of any additional indebtedness we incur in the future. Consequently, you should not rely upon dividends in order to receive a return on your investment. See Dividend Policy.

Our issuance of preferred stock could adversely affect holders of our common stock and discourage a takeover.

Following the consummation of this offering and the reorganization transaction, our board of directors will be authorized to issue up to 5,000,000 shares of preferred stock without any action on the part of our stockholders. Our board of directors also has the power, without stockholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue preferred stock in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. In addition, the ability of our board of directors to issue shares of preferred stock without any action on the part of our stockholder may impede a takeover of us and prevent a transaction favorable to our stockholders.

Our ability to raise capital in the future may be limited.

Our business and operations may consume resources faster than we currently anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to our common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend upon market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our certificate of incorporation and bylaws, as well as provisions of the Delaware General Corporation Law, or DGCL, could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions include:

- authorizing the issuance of blank check preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;

prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
eliminating the ability of stockholders to call a special meeting of stockholders; and
establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Forward-looking statements provide our current expectations or forecasts of future events and are not statements of historical fact. These forward-looking statements include information about possible or assumed future events, including, among other things, discussion and analysis of our future financial condition, results of operations, our strategic plans and objectives, cost management, liquidity and ability to refinance our indebtedness as it matures, anticipated capital expenditures (and access to capital) required to complete projects, amounts of cash distributions to our stockholders in the future, if any, and other matters. Words such as anticipates, expects, intends, plans, believes, seeks, estimates and variations of these words and si expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and/or could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

Forward-looking statements involve inherent uncertainty and may ultimately prove to be incorrect or false. You are cautioned not to place undue reliance on forward-looking statements. Except as otherwise may be required by law, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or actual operating results. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to:

- our sensitivity to general economic conditions, including the current economic environment, changes in disposable income levels and consumer discretionary spending on food-away-from-home purchases;
- our vulnerability to economic and other developments in the geographic markets in which we operate;
- risks of supply chain interruptions due to lack of long-term contracts, severe weather or more prolonged climate change, work stoppages or otherwise;
- changes in the availability or cost of our specialty food products;
- our ability to effectively price our specialty food products and reduce our expenses;
- the relatively low margins of the foodservice distribution industry and our sensitivity to inflationary pressures;
- the ability of group purchasing organizations to attract our independent restaurant customers and the resulting negative effect on our profit margins;
- damage to our reputation or lack of acceptance of our brands;
- changes in attitudes or negative publicity regarding food safety and health concerns;
- our ability to successfully identify, obtain financing for and complete acquisitions of other foodservice distributors and to realize expected synergies from those acquisitions;
- labor shortages or increased labor costs;
- changes in attitudes or negative publicity regarding food safety and health concerns;
- sales and expense trends;
- our expectation regarding the provision for losses on accounts receivable;
- increased fuel costs and expectations regarding the use of fuel surcharges;
- the loss of key members of our management team and our ability to replace such personnel;
- strain on our infrastructure and resources caused by our growth;
- the concentration of ownership among our existing executives, directors and principal stockholders, which may prevent new investors from influencing significant corporate decisions;
- the impact of litigation;
- our inability to obtain and/or maintain adequate levels of insurance coverage;
- the impact of our substantial indebtedness;
- our ability to raise capital in the future;

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- future asset impairment charges;
- inadequate protection of our intellectual property;
- our ability to raise capital in the future;
- the failure or breach of our information technology systems;
- increased costs and obligations as a result of our being a public company;
- the impact of federal, state and local tax rules; and
- other factors included under the captions Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and Our Business.

This list of risks and uncertainties, however, is only a summary of some of the most important factors and is not intended to be exhaustive. You should carefully review the risks that are set forth under the caption Risk Factors included elsewhere in this prospectus. New factors that are not currently known to us or that we are currently unaware of may also emerge from time to time that could materially and adversely affect us.

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USE OF PROCEEDS

The net proceeds to us from this offering will be approximately $63.1 million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The selling stockholders will receive approximately $60.5 million in net proceeds from their sale of 4,333,333 shares of common stock in this offering, or approximately $79.3 million if the underwriters exercise in full their option to purchase additional shares of common stock from the selling stockholders to cover over-allotments, and in each case after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the selling stockholders. We will not receive any proceeds from the sale of shares by the selling stockholders. See Principal and Selling Stockholders and Underwriting.

Our existing senior secured credit facilities, which we entered into in 2010, provide for (i) a $75.0 million term loan facility and (ii) a revolving credit facility under which we may borrow up to $25.0 million. We used a portion of the borrowings under these facilities, together with all of the borrowings under our senior subordinated notes due 2014, to redeem, in October 2010, all of our outstanding Class A units and for general corporate purposes. In connection with the redemption of our Class A units, we paid our Class A unitholders approximately $45.8 million, plus a dividend of approximately $22.4 million. In connection with this offering, we intend to enter into our new senior secured credit facilities, consisting of a $30.0 million new term loan facility and $50.0 million revolving credit facility. See Description of Our Indebtedness. We intend to use the net proceeds of this offering, together with borrowings under our new senior secured credit facilities, as follows:

- To redeem or repurchase all of our outstanding senior subordinated notes due 2014 and any accrued but unpaid interest thereon and other related fees, including the call premium of approximately $0.8 million associated with such redemption or repurchase. Interest on our senior subordinated notes accrues at a rate of 20% semi-annually in arrears. As of March 25, 2011, approximately $16.3 million in aggregate principal amount of our senior subordinated notes were outstanding. Since October 2010, we have elected to capitalize accrued but unpaid interest on our senior subordinated notes. As of March 25, 2011, we had $1.3 million of capitalized and unpaid interest.
- To repay all of our loans outstanding under our existing senior secured credit facilities and any accrued but unpaid interest thereon and other related fees. As of March 25, 2011, our existing senior secured term loan facility had an outstanding balance of approximately $72.5 million and matures on April 23, 2014. The weighted-average interest rate of our outstanding indebtedness under our existing senior secured term loan facility was 11% for both the year ended December 24, 2010, and the three months ended March 25, 2011. An affiliate of Jefferies & Company, Inc. is a lender under our existing term loan facility and one of the holders of our senior subordinated notes and will receive more than 5% of the proceeds from this offering (after taking into account underwriters discounts and commissions and offering expenses payable by us). See Underwriting Affiliations and Conflicts of Interest. As of March 25, 2011, our existing senior secured revolving credit facility had an outstanding balance of approximately $9.7 million and matures on October 22, 2013. The weighted-average interest rate of our outstanding indebtedness under our existing senior secured revolving credit facility was approximately 3.4% for the year ended December 24, 2010, and 3.8% for the three months ended March 25, 2011.

For a more detailed description of our new senior secured credit facilities, see the information under the caption Description of Our Indebtedness New Senior Secured Credit Facilities.

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DIVIDEND POLICY

We currently do not intend to pay any dividends on our common stock. We currently intend to retain any future earnings to fund the operation, development and expansion of our business. Any future determinations relating to our dividend policies will be made in the sole and absolute discretion of our board of directors and will depend upon then existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our board of directors may deem relevant. In addition, we anticipate that our ability to declare and pay dividends will be restricted by covenants in our new senior secured credit facilities and may be further restricted by the terms of any of our future indebtedness. See Description of Our Indebtedness New Senior Secured Credit Facilities and Risk Factors Our substantial indebtedness may limit our ability to invest in the ongoing needs of our business.

CAPITALIZATION

The following table sets forth our capitalization as of March 25, 2011:

- on an actual basis;
- on an as adjusted basis to give effect to (i) the sale by us of 4,666,667 shares of common stock in this offering at an initial public offering price of $15.00 per share, and after deducting underwriting discounts and commissions and estimated fees and expenses payable by us, (ii) the reorganization transactions, as described under the caption Certain Relationships and Related-Party Transactions Reorganization Transaction, (iii) the new senior secured credit facilities, and (iv) the application of the net proceeds of this offering and borrowings under our new senior secured credit facilities as described under the caption Use of Proceeds ; and
- on an as adjusted basis to give effect to the adjustments described in the immediately preceding bullet point and to give effect to our consummation of our acquisition of certain of the assets of Harry Wils & Co. and our incurrence of approximately $8.9 million of additional borrowings under our existing senior secured revolving credit facility to finance our acquisition on June 24, 2010 of those assets.

You should read this information in conjunction with the information under the captions Certain Relationships and Related-Party Transactions Reorganization Transaction, Use of Proceeds, Selected Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Our Indebtedness and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	AS OF MARCH 25, 2011		
(In thousands)	ACTUAL	AS ADJUSTED	AS ADJUSTED FOR HARRY WILS & CO. TRANSACTION
Cash and cash equivalents	$ 856	$ 856	$ 856
Debt:			
Existing senior secured revolving credit facility (1)	9,701		
Existing senior secured term loan facility (2)	70,555(3)		
Senior subordinated notes due 2014 (4)	16,250		
Note payable	82	82	82
New senior secured revolving credit facility (5)		7,164	16,072
New senior secured term loan facility (5)		30,000	30,000
Total debt	$ 96,588	37,246	46,154
Total members /stockholders (deficit)/equity	(47,792)	9,455 (6)	9,455 (6)
Total capitalization	$ 48,796	$ 46,701	$ 55,609

(1)

Our existing senior secured revolving credit facility provides for borrowings of up to $25.0 million, of which $15.3 million was available as of March 25, 2011 for working capital and general corporate purposes. At July 12, 2011, we had borrowed $18.7 million under this revolving credit facility, including the approximately $8.9 million we borrowed to finance our acquisition on June 24, 2011 of certain of the assets of Harry Wils & Co.

(2) We had $72.5 million in term loans outstanding under our existing senior secured term loan facility as of March 25, 2011. Between October 22, 2010 and March 25, 2011, we repaid approximately $2.5 million of the outstanding balance of our existing senior secured term loan facility.

(3) Net of original issue discount of $1.9 million. On June 24, 2011, we made a $1.3 million payment to reduce the principal balance of our existing senior secured term loan facility.

(4) Reflects our balance sheet liability related to our senior subordinated notes due 2014 calculated in accordance with GAAP. Interest on our senior subordinated notes accrues at a rate of 20% semi-annually in arrears. Since October 2010, we have elected to capitalize accrued but unpaid interest on the senior subordinated notes as permitted under the related note purchase agreement. As of March 25, 2011, total unpaid interest included in the balance of the senior subordinated notes since the issuance of the senior subordinated notes amounted to $1.3 million.

(5) We expect that our new senior credit facilities will provide for (i) a $30.0 million senior secured term loan facility, maturing in July 2015, and (ii) a senior secured revolving credit facility under which we may initially borrow up to $50.0 million, maturing in July 2015.

(6) Adjusted to reflect the write off of $3,094 in deferred financing costs for the indebtedness being repaid in connection with this offering and the redemption premium associated with the repayment of our outstanding senior subordinated notes of approximately $0.8 million. As adjusted data does not give effect to the compensation expense associated with the equity awards that we will issue upon consummation of this offering, 50% of which will vest immediately and 50% of which will vest ratably over the four-year period following grant. We estimate that this compensation expense in the third quarter of 2011 will be approximately $1.6 million.

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DILUTION

Purchasers of shares of common stock in this offering will experience immediate and substantial dilution in the net tangible book value of the common stock from the initial public offering price. Net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of shares of our common stock outstanding. Dilution in net tangible book value per share represents the difference between the amount per share that you pay in this offering and the net tangible book value per share immediately after this offering. Our net tangible book value (deficit) as of March 25, 2011 was approximately $(59.9) million, or $(3.74) per share.

After giving effect to (i) the sale of 4,666,667 shares of our common stock in this offering at the initial public offering price of $15.00 per share, (ii) the reorganization transactions, as described under the caption Certain Relationships and Related-Party Transactions Reorganization Transaction, and (iii) the deduction of estimated underwriting discounts and commissions and estimated fees and expenses payable by us, our pro forma net tangible book value at March 25, 2011 would have been approximately $3.2 million, or $0.16 per share. This represents an immediate increase in net tangible book value of $3.90 per share to existing stockholders and an immediate and substantial dilution of $14.84 per share to new investors. This calculation does not give effect to our use of proceeds from this offering or any borrowings under our new senior secured revolving credit facility or term loan facility. The following table illustrates this per share dilution:

		PER SHARE
Initial public offering price per share	$	15.00
Actual net tangible book value per share as of March 25, 2011	$	(3.74)
Increase per share attributable to new investors	$	3.90
Pro forma net tangible book value per share after this offering	$	.16
Dilution per share to new investors	$	14.84

Sales of 4,333,333 shares of common stock by the selling stockholders in this offering will reduce the number of shares of common stock held by existing stockholders to 11,666,667, or approximately 56.5% of the total shares of common stock outstanding after this offering, and will increase the number of shares held by new investors to 9,000,000, or approximately 43.5% of the total shares of common stock outstanding after this offering.

If the underwriters exercise in full their over-allotment option to purchase additional shares of our common stock in this offering from the selling stockholders at the initial public offering price of $15.00 per share, the number of shares of common stock held by existing stockholders will be reduced to 10,316,667, or 49.9% of the aggregate number of shares of common stock outstanding after this offering, and the number of shares of common stock held by new investors will be increased to 10,350,000, or 50.1% of the aggregate number of shares of common stock outstanding after this offering.

The following table summarizes, on the pro forma basis described above as of March 25, 2011, after giving effect to the reorganization transactions, the total number of shares of common stock purchased from us and the selling stockholders and the total consideration and the average price per share paid by existing stockholders and by investors participating in this offering. The calculation below is based on the initial public offering price of $15.00

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per share, before deducting estimated underwriting discounts and commissions and estimated fees and expenses payable by us.

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENTAGE	AMOUNT	PERCENTAGE	PER SHARE
Existing stockholders	11,666,667	56.5%	$ 456,523	0.34%	$ 0.04
New investors	9,000,000	43.5%	135,000,000	99.66%	15.00
Total	20,666,667	100%	$ 135,456,523	100%	$ 6.55

The pro forma dilution information above is for illustration purposes only.

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SELECTED CONSOLIDATED FINANCIAL DATA

You should read the following selected consolidated financial data in conjunction with our consolidated financial statements and the related notes to those statements included elsewhere in this prospectus. You should also read Management s Discussion and Analysis of Financial Condition and Results of Operations. The statement of operations data for the fiscal years ended December 24, 2010, December 25, 2009 and December 26, 2008 and the balance sheet data as of December 24, 2010 and December 25, 2009 are derived from our consolidated financial statements audited by BDO USA LLP, an independent registered public accounting firm, included elsewhere in this prospectus. The statement of operations data for the years ended December 28, 2007 and December 29, 2006 and the balance sheet data as of December 26, 2008, December 28, 2007 and December 29, 2006 are derived from our audited consolidated financial statements not included elsewhere in this prospectus. We have derived the statement of operations data for the three months ended March 25, 2011 and March 26, 2010 and balance sheet data as of March 25, 2011 from our unaudited interim consolidated financial statements appearing elsewhere in this prospectus. We have derived the balance sheet data as of March 26, 2010 from our unaudited interim consolidated financial statements not included elsewhere in this prospectus. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the Company s financial position at March 25, 2011 and March 26, 2010 and results of its operations and its cash flows for the three months ended March 25, 2011 and March 26, 2010. The financial condition and results of operations as of and for the three months ended March 25, 2011 do not purport to be indicative of the financial condition or results of operations to be expected as of or for the fiscal year ending December 30, 2011.

The selected consolidated financial data presented below represent only portions of our financial statements and, accordingly, are not complete. You should read this information in conjunction with the information included under the captions Use of Proceeds, Capitalization, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, and the related notes thereto, which are included elsewhere in this prospectus.

On July 27, 2011, we converted our company from a Delaware limited liability company (Chefs Warehouse Holdings, LLC) to a Delaware corporation (The Chefs Warehouse, Inc.). See Certain Relationships and Related-Party Transactions Reorganization Transaction. The historical consolidated financial operating data relate to Chefs Warehouse Holdings, LLC and its consolidated subsidiaries.

	FISCAL YEAR ENDED					THREE MONTHS ENDED	
	DECEMBER 24, 2010	DECEMBER 25, 2009	DECEMBER 26, 2008	DECEMBER 28, 2007	DECEMBER 29, 2006	MARCH 25, 2011	MARCH 26, 2010
	(In thousands, except per share data)						
Statement of Operations Data:							
Net revenues	$ 330,118	$ 271,072	$ 281,703	$ 256,134	$ 229,803	$ 83,183	$ 70,000
Cost of sales	244,340	199,764	211,387	190,787	170,624	61,148	52,017
Gross profit	85,778	71,308	70,316	65,347	59,179	22,035	17,983
Operating expenses	64,206	57,977	60,314	59,389	55,181	16,976	14,953

Operating profit		21,572		13,331		10,002		5,958		3,998		5,059		3,030
Interest expense		4,041		2,815		3,238		3,515		3,425		3,450		627
(Gain)/loss on fluctuation of interest rate swap		(910)		(658)		1,118		621				(81)		(183)
(Gain) on settlement								(1,100)[1]						
Other												3		
Income from operations before income taxes		18,441		11,174		5,646		2,922		573		1,687		2,586
Provision for income taxes		2,567		2,213		3,450		786		898		667		1,050
Income (loss) from continuing operations		15,874		8,961		2,196		2,136		(325)		1,020		1,536
Discontinued operations, net of taxes										(355)				
Net income (loss)	$	15,874	$	8,961	$	2,196	$	2,136	$	(680)	$	1,020	$	1,536
Deemed dividend accretion on Class A members units		(4,123)		(6,207)		(3,000)		(2,995)		(2,992)				(1,180)
Deemed dividend paid to Class A members units		(22,429)												
Net income (loss) attributable to members units	$	(10,678)	$	2,754	$	(804)	$	(859)	$	(3,672)	$	1,020	$	356

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	FISCAL YEAR ENDED					THREE MONTHS ENDED	
	DECEMBER 24, 2010	DECEMBER 25, 2009	DECEMBER 26, 2008	DECEMBER 28, 2007	DECEMBER 29, 2006	MARCH 25, 2011	MARCH 26, 2010
	(In thousands, except per share data)						
Basic net (loss) income per members unit	$ (0.15)	$ 0.04	$ (0.01)	$ (0.01)	$ (0.05)	$ 0.02	$ 0.00
Diluted net (loss) income per members unit	$ (0.15)	$ 0.03	$ (0.01)	$ (0.01)	$ (0.05)	$ 0.02	$ 0.00
Weighted average members units outstanding:							
Basic	72,494	77,827	76,663	75,436	75,000	52,526	76,573
Diluted	72,494	81,851	76,663	75,436	75,000	54,375	79,515
Balance Sheet Data (at end of period):							
Cash and cash equivalents	$ 1,978	$ 875	$ 1,591	$ 2,232	$ 1,490	$ 856	$ 1,330
Working capital	$ 12,206(2)	$ 22,479	$ 22,101	$ 18,806	$ 20,044	$ 12,866(2)	$ 22,598
Total assets	$ 82,672	$ 65,937	$ 64,502	$ 62,917	$ 58,141	$ 81,297	$ 65,389
Long-term debt, net of current portion	$ 82,580	$ 29,928	$ 37,323	$ 33,082	$ 37,299	$ 81,999	$ 29,063
Total liabilities	$ 131,484	$ 60,603	$ 67,720	$ 68,331	$ 65,691	$ 129,089	$ 58,681
Redeemable Class A members units	$	$ 41,698	$ 35,491	$ 32,491	$ 29,496		$ 42,878
Total members equity (deficit)	$ (48,812)	$ (36,364)	$ (38,709)	$ (37,905)	$ (37,046)	$ (47,792)	$ (36,170)

(1) The gain on settlement is the result of the Company settling a dispute with the former owner of a company that the Company had previously acquired. The settlement reduced the acquisition purchase price and corresponding note payable to that company. Since the goodwill associated with this acquisition had been written off at the time of the settlement, the settlement was recorded as a non-operating item within the Company s statement of operations.

(2) Working capital is defined as the difference between current assets and current liabilities. At December 24, 2010 and March 25, 2011, the then-outstanding balance under our senior secured revolving credit facility of $12.2 million and $9.7 million, respectively, was included within the current portion of long-term debt.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements, and the notes thereto, appearing elsewhere in this prospectus.

Our Reorganization

On July 27, 2011, we converted from a Delaware limited liability company (Chefs Warehouse Holdings, LLC) to a Delaware corporation (The Chefs Warehouse, Inc.). The consolidated financial statements included elsewhere in this prospectus, which are the subject of the following discussion, are those of Chefs Warehouse Holdings, LLC and its consolidated subsidiaries. We expect that our conversion to the corporate form of organization will not have any material effect on our consolidated financial statements. When we use the terms we, our, us and the Company in th following discussion, we mean, prior to the conversion and related transactions described under Certain Relationships and Related-Party Transactions Reorganization Transaction, Chefs Warehouse Holdings, LLC, a Delaware limited liability company, and its consolidated subsidiaries and, after the conversion and related transactions, The Chefs Warehouse, Inc., a Delaware corporation, and its consolidated subsidiaries. For a discussion of the principal transactions in the reorganization, see Certain Relationships and Related-Party Transactions Reorganization Transaction.

Overview

We are a premier distributor of specialty foods in six of the leading culinary markets in the United States. We offer more than 11,500 SKUs, ranging from high-quality specialty foods and ingredients to basic ingredients and staples. We serve more than 7,000 customer locations, primarily located in our six geographic markets across the United States, and the majority of our customers are independent restaurants and fine dining establishments.

We believe several key differentiating factors of our business model have enabled us to execute our strategy consistently and profitably across our expanding customer base. These factors consist of a portfolio of distinctive and hard-to-find specialty food products, a highly trained and motivated sales force, strong sourcing capabilities, a fully integrated warehouse management system, a highly sophisticated distribution and logistics platform and a focused, seasoned management team.

In recent years, our sales to existing and new customers have increased through the continued growth in demand for specialty food products in general; increased market share driven by our sophisticated and experienced sales professionals, our high-quality customer service and our extensive breadth and depth of product offerings, especially in specialty products; the acquisition of other specialty food distributors; the expansion of our existing distribution centers; the construction of a new distribution center; and the import and sale of our proprietary brands. Through these efforts, we believe that we have been able to expand our customer base, enhance and diversify our product selections, broaden our geographic penetration and increase our market share. We believe that as a result of these efforts, we have increased sales from $229.8 million in 2006 to $330.1 million in 2010.

Recent Acquisitions

On June 24, 2011, we purchased the inventory of Harry Wils & Co. and certain intangible assets, including Harry Wils & Co. s customer list and certain intellectual property. Harry Wils & Co. is a specialty foodservice distribution company headquartered in the New York City metropolitan area, and we believe that the purchase of these assets will allow us to increase the number of customers we service in the New York metropolitan area. The purchase price paid to Harry Wils & Co. was approximately $7.7 million for the intangible assets, plus approximately $1.2 million for inventory on hand. We assumed no liabilities in connection with the transaction and have relocated the inventory purchased to our Bronx, New York distribution facility. We financed the purchase price for these assets with borrowings under our existing senior secured credit facilities. To prepare for the integration of the acquired Harry Wils & Co. products and customers, we incurred certain incremental operating costs in our quarter ended June 24, 2011 to ensure that, at the time the acquisition was consummated, there would be no disruption to customer service levels to acquired and/or current customers. These costs consisted of warehouse and distribution labor costs, fleet rental charges, recruiting fees, as well as costs associated with the reconfiguration of our Bronx, New York facility to accommodate the additional SKU s needed to support the acquired business.

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On June 18, 2010, we acquired the assets of Monique & Me, Inc., doing business as Culinaire Specialty Foods, for cash consideration of $3.7 million, which provided us with an immediate platform for growth in the south Florida market.

On August 28, 2009, we acquired the San Francisco division of European Imports for total cash consideration of $3.8 million, subject to certain adjustments set forth in the acquisition agreement. The acquisition was integrated into our existing San Francisco operation.

In May 2008, we completed the acquisition of American Gourmet Foods for cash consideration of $5.1 million. This acquisition was integrated into our Hanover, Maryland operation.

Our Growth Strategies and Outlook

We continue to invest in our people, facilities and technology to achieve the following objectives and maintain our premier position within the specialty foodservice distribution market:

- sales and service territory expansion;
- operational excellence and high customer service levels;
- expanded purchasing programs and improved buying power;
- product innovation and new product category introduction;
- operational efficiencies through system enhancements; and
- operating expense reduction through the centralization of general and administrative functions.

Our continued profitable growth has allowed us to improve upon our organization s infrastructure, open a new facility and pursue selective acquisitions. This improved infrastructure has allowed us to achieve higher operating margins. Over the last several years, we have increased our distribution capacity to approximately 371,640 square feet in seven facilities.

Key Factors Affecting Our Performance

Due to our focus on menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers and specialty food stores, our results of operations are materially impacted by the success of the food-away-from-home industry in the United States, which is materially impacted by general economic conditions, discretionary spending levels and consumer confidence. When economic conditions deteriorate, as they did throughout the second half of 2007, all of 2008 and the first half of 2009, our customers businesses are negatively impacted as fewer people eat away-from-home and those that do spend less money. As economic conditions began to improve in the second half of 2009 and into 2010, our customers businesses began to improve, which likewise contributed to improvements in our business.

Food price costs also significantly impact our results of operations. Food price inflation, like that which we have experienced in the first quarter of 2011, may increase the dollar value of our sales because many of our products are sold at our cost plus a percentage markup. When the rate of inflation declines, however, the dollar value of our sales may fall despite our unit sales remaining constant or growing. For those of our products that we price on a fixed fee-per-case basis, our gross profit margins may be negatively affected in an inflationary environment, even though our gross revenues may be positively impacted. While we cannot predict whether inflation will continue at current levels, prolonged periods of inflation leading to cost increases above levels that we are able to pass along to our customers, either overall or in certain product categories, may have a negative impact on us and our customers, as elevated food costs can reduce consumer spending in the food-away-from-home market, and may negatively impact our sales, gross margins and earnings.

The foodservice distribution industry is fragmented and consolidating. Over the past five years, we have supplemented our internal growth through selective strategic acquisitions. We believe that the consolidation trends in the foodservice distribution industry will continue to present acquisition opportunities for us, which may allow us to grow our business at a faster pace than we would otherwise be able to grow the business organically.

Performance Indicators

In addition to evaluating our income from operations, our management team analyzes our performance based on sales growth, gross profit and gross profit margin.

Net sales. Our net sales growth is driven principally by changes in volume and, to a lesser degree, changes in price related to the impact of inflation in commodity prices. In particular, product cost inflation and deflation impacts our results of operations and, depending on the amount of inflation or deflation, such impact may be material. For example, inflation may increase the dollar value of our sales, and when the rate of inflation declines, the dollar value of our sales may fall despite our unit sales remaining constant or growing.

Gross profit and gross profit margin. Our gross profit and gross profit as a percentage of net sales, or gross profit margin, are driven principally by changes in volume and fluctuations in food and commodity prices and our ability to pass on any price increases to our customers in an inflationary environment and maintain or increase gross margin when our costs decline. Our gross margin is also a function of the product mix of our net sales in any period. Given our wide selection of product categories, as well as the continuous introduction of new products, we can experience shifts in product sales mix that have an impact on net sales. This mix shift is most significantly impacted by the introduction of new categories of products in markets that we have more recently entered, as well as the continued growth in item penetration on higher velocity items such as dairy products.

Key Financial Definitions

Net sales. Net sales consist primarily of sales of specialty and other food products to independently-owned restaurants and other high-end foodservice customers, which we report net of certain group discounts and customer sales incentives.

Cost of sales. Cost of sales include the purchase price paid for products sold, plus the cost of transportation necessary to bring the product to our distribution facilities. Our cost of sales may not be comparable to other similar companies within our industry that include all costs related to their distribution network in their costs of sales rather than as operating expenses.

Operating expenses. Our operating expenses include warehousing and distribution expenses (which include salaries and wages, employee benefits, facility and distribution fleet rental costs and other expenses related to warehousing and delivery) and selling, general and administrative expenses (which include selling, insurance, administrative, wage and benefit expenses and will also include share-based compensation expense). Following consummation of this offering, we will incur operating expenses as a result of our being a public company. We estimate that these expenses will be approximately $1.4 million per year. We expect to incur a compensation charge in the third quarter related to shares of our common stock that we expect to issue upon consummation of this offering, 50% of which will vest immediately upon grant and 50% of which will vest ratably over the four-year period following grant. See Compensation Discussion and Analysis. We expect this compensation expense will be approximately $1.6 million.

Interest expense. Interest expense consists primarily of interest on our outstanding indebtedness.

(Gain) loss on fluctuation of interest rate swaps. (Gain) loss on fluctuation of interest rate swaps consists solely of the change in valuation on an interest rate swap not eligible for hedge accounting.

Critical Accounting Policies

The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The SEC has defined critical accounting policies as those that are both most important to the portrayal of our financial condition and results and require our most difficult, complex or subjective judgments or estimates. Based on this definition, we believe our critical accounting policies include the following: (i) determining our allowance for doubtful accounts, (ii) inventory valuation, with regard to determining our reserve for excess and obsolete inventory, and (iii) valuing goodwill and intangible assets. For all financial statement periods presented, there have been no material modifications to the application of these critical accounting policies.

Allowance for Doubtful Accounts

We analyze customer creditworthiness, accounts receivable balances, payment history, payment terms and historical bad debt levels when evaluating the adequacy of our allowance for doubtful accounts. In instances where a reserve

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has been recorded for a particular customer, future sales to the customer are either conducted using cash-on-delivery terms or the account is closely monitored so that agreed-upon payments are received prior to orders being released. A failure to pay results in held or cancelled orders. Beginning in the fourth quarter of 2008 and continuing through the first three quarters of 2009 we experienced a reduction in year-over-year revenue driven by poor overall economic conditions. During this period of time, we projected and experienced a higher rate of defaults on our trade accounts receivables. As such, we increased our estimated allowance for doubtful accounts requirements in line with then current economic conditions. During the fourth quarter of 2009 and throughout all of fiscal 2010, we noticed a fairly significant improvement in overall general economic conditions. This improvement resulted in higher revenue and also resulted in a lower default rate on our trade accounts receivable. As such, we lowered our estimated allowance for doubtful accounts reserve requirement in line with then current economic conditions which resulted in a lower provision expense for our allowance for doubtful accounts in fiscal 2010 then we incurred in 2009. Our accounts receivable balance was $36.2 million and $31.0 million, net of the allowance for doubtful accounts of $2.4 million and $2.2 million, as of December 24, 2010 and December 25, 2009, respectively. Our accounts receivable balance was $36.2 million and $29.6 million, net of allowance for doubtful accounts of $2.5 million and $2.4 million, as of March 25, 2011 and March 26, 2010, respectively.

Inventory Valuation

We maintain reserves for slow-moving and obsolete inventories. These reserves are primarily based upon inventory age plus specifically identified inventory items and overall economic conditions. A sudden and unexpected change in consumer preferences or change in overall economic conditions could result in a significant change in the reserve balance and could require a corresponding charge to earnings. We actively manage our inventory levels to minimize the risk of loss and have consistently achieved a relatively high level of inventory turnover.

Valuation of Goodwill and Intangible Assets

We are required to test goodwill for impairment at least annually and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We have elected to perform our annual tests for indications of goodwill impairment during the fourth quarter of each fiscal year. Based on future expected cash flows, we test for goodwill impairment at the consolidated level, as we have only a single reporting unit. The goodwill impairment analysis is a two-step test. The first step, used to identify potential impairment, involves comparing our estimated fair value to our carrying value, including goodwill. If our estimated fair value exceeds our carrying value, goodwill is considered not to be impaired. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. If required, the second step involves calculating an implied fair value of our goodwill. The implied fair value of goodwill is determined in a manner similar to the amount of goodwill calculated in a business combination, by measuring the excess of the estimated fair value, as determined in the first step, over the aggregate estimated fair values of the individual assets, liabilities and identifiable intangibles as if we were being acquired in a business combination. If the implied fair value of our goodwill exceeds the carrying value of our goodwill, there is no impairment. If the carrying value of our goodwill exceeds the implied fair value of our goodwill, an impairment charge is recorded for the excess.

In accordance with the aggregation criteria of ASC 280-10-50-11, we evaluate our goodwill on a consolidated basis using a discounted cash flow model, in which the key assumption is the projection of future earnings and cash flow. Any material adverse change in our business or operations could have a negative effect on our valuation and thus cause an impairment of our goodwill. As of December 24, 2010, our annual assessment indicated that we are not at risk of failing step one of the goodwill impairment test and no impairment of goodwill existed, as our fair value exceeded our carrying value. Total goodwill as of December 24, 2010 and December 25, 2009 was $11.5 million and $9.4 million, respectively.

Intangible assets with finite lives are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Cash flows expected to be generated by the related assets are estimated over the assets useful lives based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, the potential impairment is measured based on a projected discounted cash flow model. There have been no events or changes in circumstances during 2010 indicating that the carrying value of our finite-lived intangible assets are not recoverable. Total finite-lived intangible assets as of December 24, 2010 and December 25, 2009 were $0.6 million and $0.1 million, respectively.

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The assessment of the recoverability of goodwill and intangible assets will be impacted if estimated future cash flows are not achieved.

Vendor Rebates and Other Promotional Incentives

We participate in various rebate and promotional incentives with our suppliers, including volume and growth rebates, annual incentives and promotional programs. In accounting for vendor rebates, we follow the guidance in *Accounting Standards Codification*, or ASC, 605-50 (Emerging Issues Task Force, or EITF, No. 02-16, *Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor* and EITF No. 03-10, *Application of Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers).*

We generally record consideration received under these incentives as a reduction of cost of goods sold; however, in certain circumstances, we record marketing-related consideration as a reduction of marketing costs incurred. We may receive consideration in the form of cash and/or invoice deductions.

We record consideration that we receive for incentives volume and growth rebates and annual incentives as a reduction of cost of goods sold. We systematically and rationally allocate the consideration for those incentives to each of the underlying transactions that results in progress by us toward earning the incentives. If the incentives are not probable and reasonably estimable, we record the incentives as the underlying objectives or milestones are achieved. We record annual incentives when we earn them, generally over the agreement period. We record consideration received to promote and sell the supplier s products as a reduction of our costs, as the consideration is typically a reimbursement of costs incurred by us. If we received consideration from the suppliers in excess of our costs, we record any excess as a reduction of cost of goods sold.

Management has discussed the development and selection of these critical accounting policies with our board of directors, and the board of directors has reviewed the above disclosure. Our financial statements contained other items that require estimation, but are not as critical as those discussed above. These other items include our calculations for bonus accruals, depreciation and amortization. Changes in estimates and assumptions used in these and other items could have an effect on our consolidated financial statements.

Results of Operations

The following table presents, for the periods indicated, certain income and expense items expressed as a percentage of net sales:

	FISCAL YEAR ENDED			THREE MONTHS ENDED	
	DECEMBER 24, 2010	DECEMBER 25, 2009	DECEMBER 26, 2008	MARCH 25, 2011	MARCH 26, 2010
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	74.0%	73.7%	75.0%	73.5%	74.3%
Gross profit	26.0%	26.3%	25.0%	26.5%	25.7%
Operating expenses	19.4%	21.4%	21.4%	20.4%	21.4%
Operating income	6.5%	4.9%	3.6%	6.1%	4.3%

Other expense (income):					
Interest expense	1.2%	1.0%	1.1%	4.1%	0.9%
(Gain)/loss on fluctuation of interest rate swap	(0.3)%	(0.2)%	0.4%	(0.1)%	(0.3)%
Total other expense	0.9%	0.8%	1.5%	4.0%	0.6%
Income before income taxes	5.6%	4.1%	2.0%*	2.0%	3.7%
Provision for income taxes	0.8%	0.8%	1.2%	0.8%	1.5%
Net income	4.8%	3.3%	0.8%	1.2%	2.2%

* *Total reflects rounding*

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Three Months Ended March 25, 2011 Compared to Three Months Ended March 26, 2010

Net Sales

Our net sales for the quarter ended March 25, 2011 increased approximately 18.8%, or $13.2 million, to $83.2 million from $70.0 million for the quarter ended March 26, 2010. The increase in net sales was principally the result of increased case volume as well as increased revenue per case, reflecting the impact of food cost inflation and changes in product mix which together we estimate contributed approximately 4.9% of our 18.8% of net sales improvement in the first quarter of 2011. The product categories most impacted by inflation were dairy, meat, seafood and oils. Our increase in net sales also included approximately $2.1 million of net sales related to our Florida operation which we acquired in June 2010.

Gross Profit

Gross profit increased approximately 22.5%, or $4.1 million, to $22.0 million for the quarter ended March 25, 2011, from $18.0 million for the quarter ended March 26, 2010. Our gross profit as a percentage of net sales was 26.5% for the quarter ended March 25, 2011 as compared to 25.7% for the quarter ended March 26, 2010. The increase in gross profit as a percentage of net sales reflects the 37 basis point improvement resulting from our recording of $0.3 million of mark-to-market gain associated with our Eurodollar collar that we entered into in the first quarter of fiscal 2011 as a hedge against imported products denominated, and paid for, in Euros, as well as the positive impact of the results of our Florida operation along with improved margins on our sales of meat driven by a shift in customer and product mix.

Operating Expenses

Total operating expenses increased by approximately 13.5%, or $2.0 million, to $17.0 million for the quarter ended March 25, 2011, from $15.0 million for the quarter ended March 26, 2010. The increase in total operating expenses was primarily due to higher sales volume and the acquisition of our Florida operation. The increase in our salary and benefit costs represented $1.5 million, or approximately 72% of the year over year increase. The remaining increase was comprised of $0.5 million of higher delivery costs, along with slight increases in warehouse costs and travel and entertainment.

As a percentage of net sales, total operating expenses decreased to approximately 20.4% for the quarter ended March 25, 2011, from approximately 21.4% for the quarter ended March 26, 2010. The decrease in total operating expenses as a percentage of net sales was primarily attributable to our higher sales levels as well as expense control programs across our organization.

Operating Income

Operating income increased approximately 67.0% to $5.1 million for the quarter ended March 25, 2011, as compared to $3.0 million for the quarter ended March 26, 2010. This increase is reflective of higher sales levels, improved gross profit margins and continued efforts in controlling costs, which although higher on an absolute basis were lower as a percentage of net sales for the first quarter of 2011 as compared to the comparable period in 2010.

Other Expense (Income)

Total other expense (income) increased $2.9 million to $3.4 million for the quarter ended March 25, 2011, from $0.4 million for the quarter ended March 26, 2010. This increase was attributable to the increase in interest expense for the quarter ended March 25, 2011 to $3.2 million from $0.6 million for the quarter ended March 26, 2010. This increase was primarily caused by the significant increase in our total indebtedness and debt service costs beginning in the fourth quarter of 2010 as we financed the redemption of all of our outstanding class A units held by BGCP and another investor with borrowings under our senior secured notes and senior secured credit facilities.

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Provision for Income Taxes

Our effective income tax rate was 39.5% and 40.6% for the quarters ended March 25, 2011 and March 26, 2010, respectively.

Net Income

Reflecting the factors described above, net income decreased $0.5 million to $1.0 million for the quarter ended March 25, 2011, compared to $1.5 million for the quarter ended March 26, 2010.

Fiscal Year Ended December 24, 2010 Compared to Fiscal Year Ended December 25, 2009

Net Sales
During fiscal 2010, we began to see steady improvement in our net sales and a reduction in the volatility of net sales, as compared to what we experienced throughout our 2009 fiscal year. Our net sales for the fiscal year ended December 24, 2010 increased approximately 21.8%, or $59.0 million, to $330.1 million from $271.1 million for the year ended December 25, 2009. This increase was primarily due to organic growth (sales growth excluding the impact of acquisitions) of $50.7 million. Our organic growth was due primarily to increased item penetration to existing customers, as well as the success of our customer acquisition strategy, that resulted in 49% and 51% of the increase in net sales, respectively. Our improvement in net sales also reflected year-over-year improvement in economic conditions.

Gross Profit
Our gross profit increased approximately 20.3%, or $14.5 million, to $85.8 million for the year ended December 24, 2010, from $71.3 million for the year ended December 25, 2009. Our gross profit as a percentage of net sales was 26.0% for the year ended December 24, 2010, and 26.3% for the year ended December 25, 2009. The decline in gross profit as a percentage of net sales is primarily due to the change in the mix of net sales during fiscal 2010 compared to fiscal 2009. Given our wide selection of product categories, as well as the continuous introduction of new products, we can experience shifts in product sales mix that have an impact on net sales. This mix shift is most significantly impacted by the introduction of new categories of products in markets that we have more recently entered, as well as the continued growth in item penetration on higher velocity items such as dairy products. Most significantly, our gross profit margin was negatively impacted by the increase in the amount of dairy products we sold in fiscal 2010 as dairy products are traditionally a lower margin product for us. Dairy products accounted for 10.0% of our net sales in 2010, up from 9.0% of our net sales in 2009. Our gross profit margin in 2010 was also negatively impacted by a combined 120 basis points due to margin pressure in our cheese and oil product categories. Gross profit as a percentage of net sales during the year ended December 24, 2010, was largely unaffected by commodity price fluctuation, as food prices were stable versus 2009.

Operating Expenses
Our total operating expenses increased approximately 10.7%, or $6.2 million, to $64.2 million for the year end December 24, 2010, from $58.0 million for the year ended December 25, 2009. The increase in total operating costs was primarily due to higher sales volume and the acquisition of Culinaire Specialty Foods. The increase in our salary and benefit costs represented $5.4 million, or 87%, of the year-over-year increase. The remaining increase was comprised of $0.4 million of higher delivery costs, $0.3 million of higher IT consulting costs and $0.1 million of higher other operating costs, net of a reduction in bad debt expense of $0.4 million.

As a percentage of net sales, total operating expenses decreased to approximately 19.4% for the year ended December 24, 2010, from approximately 21.4% for the year ended December 25, 2009. The decrease in total operating expenses as a percentage of net sales was primarily attributable to our higher level of sales, as well as expense control programs across our organization. We were also able to manage our fuel costs despite rising prices by updating and revising existing routes to reduce miles traveled, reducing idle times and other similar measures.

Operating Income

Operating income increased 61.8% from $13.3 million in fiscal 2009 to $21.6 million in fiscal 2010, reflecting not only increasing sales but also our efforts at controlling costs throughout fiscal 2009 and 2010.

Other Expense (Income)

Total other expense (income) increased $1.0 million to $3.1 million for the year ended December 24, 2010, from $2.2 million for the year ended December 25, 2009. This increase in total other expense (income) is attributable to the increase in interest expense for the year ended December 24, 2010 to $4.0 million from $2.8 million in the year ended December 25, 2009, which occurred primarily because our debt level increased significantly in the fourth quarter of fiscal 2010 as we financed our redemption of all of our outstanding Class A units which were held by BGCP and another investor.

Provision for Income Taxes

Our effective income tax rate was 13.9% and 19.8% for the years ended December 24, 2010 and December 25, 2009, respectively. The decrease in the effective rate was the result of the company and each of its operating subsidiaries that are limited liability companies electing to be taxed as corporations starting in October of 2010. In doing so, we recorded significant deferred tax assets, thus lowering the current tax provision. Our effective income tax rate will increase following this offering as a result of our conversion from a limited liability company to a corporation, as described above. Based on current enacted tax rates, which could change, we expect our effective tax rate for fiscal 2011 to approximate 39%.

Net Income

Reflecting the factors described in more detail above, net income increased $6.9 million to $15.9 million for the year ended December 24, 2010, compared to $9.0 million for the year ended December 25, 2009.

Fiscal Year Ended December 25, 2009 Compared to Fiscal Year Ended December 26, 2008

Net Sales

Our net sales for the fiscal year ended December 25, 2009 decreased approximately 3.7%, or $10.6 million, to $271.1 million from $281.7 million for the year ended December 26, 2008. This decrease was primarily the result of lower volume due to weak economic conditions which adversely affected our customers businesses. The decline in sales was also attributable to the stabilization of commodity prices in 2009, as the dollar amount of our sales in 2009 did not increase significantly because of inflation compared to the significant impact of inflation on food prices in 2008.

Gross Profit

Our gross profit increased approximately 1.4%, or $1.0 million, to $71.3 million for the year ended December 24, 2010, from $70.3 million for the year ended December 25, 2009. Our gross profit as a percentage of net sales was 26.3% for the year ended December 25, 2009 compared to 25.0% for the year ended December 26, 2008. The increase in gross profit as a percentage of net sales is primarily due to the stabilization in food and commodity prices in 2009.

Operating Expenses

Our total operating expenses decreased approximately 3.9% or $2.3 million, to $58.0 million for the year ended December 25, 2009, from $60.3 million for the year ended December 26, 2008. For comparable facilities, we reduced operating costs by $3.7 million, or slightly over 6.1%. We incurred additional operating costs throughout fiscal year 2009 of approximately $1.4 million related to acquisitions. The decrease in total operating costs was primarily due to cost cuts made during the fourth quarter of 2008 through the first half of fiscal 2009. The removal of salary and benefit costs represented $1 million, or 43%, of the year-over-year decrease. This reduction is net of a $1.6 million increase in annual incentive and retention compensation as well as $745,000 in management severance costs. Reductions in selling, general and administrative costs represented $1.0 million, or 48%, of the year-over-year decrease while the remaining decrease was comprised of reductions in distribution costs of approximately $0.2 million.

Operating Income

Operating income increased from $10.0 million in fiscal 2008 to $13.3 million in fiscal 2009. As a percentage of sales, operating income increased significantly from 3.6% in fiscal 2008 to 4.9% in fiscal 2009. The increase reflects our ability to improve our gross profit during a period of stable commodity prices and our intense focus on controlling costs during the challenging economic environment in 2009.

Other Expense (Income)

Interest expense declined from $3.2 million in fiscal 2008 to $2.8 million in fiscal 2009, reflecting our efforts to improve working capital utilization by focusing on better collection of receivables and maintaining more efficient inventory levels, which in each case allowed us to reduce our level of indebtedness. The fluctuation of the market value of our interest rate swap changed from an expense of $1.1 million in fiscal 2008 to a gain of $0.7 million in 2009, as the term of the interest rate swap neared its conclusion at the beginning of 2011.

Provision for Income Taxes
Our effective income tax rate was 19.8% and 61.1% for the years ended December 25, 2009 and December 26, 2008, respectively. The decrease in the effective income tax rate for the year ended December 25, 2009 is primarily due to the allocation of administrative costs between our corporate subsidiary and our limited liability company subsidiaries, as well as the recognition of a 2008 empire zone tax credit from the State of New York in 2009, which was repealed in 2008 and subsequently reinstated in 2009.

Net Income
Reflecting the factors described in more detail above, net income increased $6.8 million to $9.0 million, for the year ended December 25, 2009, compared to $2.2 million, for the year ended December 26, 2008.

Liquidity and Capital Resources

We finance our day-to-day operations and growth primarily with cash flows from operations, borrowings under our existing senior secured credit facilities, operating leases, trade payables and bank indebtedness. In addition, from time to time we may issue equity and debt securities to finance our operations and acquisitions. We believe that our cash on hand and available credit through our existing revolving credit facility as discussed below is sufficient for our operations and planned capital expenditures over the next twelve months.

On October 22, 2010, we redeemed all authorized and then outstanding Class A units (which were held by third party investors) for a redemption price of $68.3 million. The redemption price, which was calculated in accordance with our Amended and Restated Limited Liability Company Agreement, was based on a total valuation of the company at an agreed upon multiple of projected EBITDA less total indebtedness, with the Class A unit holders being allocated the first $45.8 million of such amount based on the carrying amount of those units and then being allocated, along with our other members, their pro rata share of the remaining value as a deemed dividend. The redemption resulted in our founders, management and employees increasing their ownership interest in us from 68.5% to 100%. The capital structure described in this section reflects borrowings made to finance the redemption.

On April 15, 2010, we entered into a term loan and revolving credit facility (the Credit Agreement). The term loan commitment was in the amount of $7.5 million, while the revolving credit facility provided us with up to $37.5 million in borrowing capacity. Upon the redemption of Class A units on October 22, 2010, the $7.5 million term note was paid in full and the credit facility was amended to provide us with up to $25.0 million in revolving borrowing capacity. The amended Credit Agreement matures on October 22, 2013. Borrowings under the Credit Agreement bear interest, at our option, at the CB Floating Rate (defined as the Administrative Agent s prime rate, never to be less than the adjusted one-month London Interbank Offered Rate, or LIBOR, plus applicable rate), or LIBOR plus applicable rate. The applicable rate is contingent upon our leverage ratio. As of December 24, 2010, the CB Floating applicable rate was 1.25% and the LIBOR applicable rate was 3.25%. The Credit Agreement also provides for an annual fee of 0.25% of unused commitments. The Credit Agreement requires the maintenance of certain financial ratios, as described in the Credit Agreement, and contains customary events of default. Balances outstanding under our existing senior secured credit facilities are secured by our receivables and inventory. As of December 24, 2010 and March 25, 2011, we had approximately $12.2 million and $9.7 million, respectively, of borrowings outstanding under our existing revolving credit facility, which generally reduce our available borrowing capacity under our revolving credit facility on a dollar for dollar basis. Therefore, our resulting remaining availability under our existing revolving credit facility was approximately $12.8 million and $15.2 million as of December 24, 2010 and March 25, 2011, respectively. Subsequent to March 25, 2011, we borrowed approximately $8.9 million to finance our acquisition on June 24, 2011 of certain of the assets of Harry Wils & Co.

On October 22, 2010, we entered into a $75.0 million second lien term note (the Term Loan Agreement). This Term Loan Agreement requires principal payments of $5.0 million by the end of the third fiscal quarter of 2011, an additional $6.0 million by the end of the third fiscal quarter of 2012 and an additional $7.0 million by the end of the third fiscal quarter of 2013. Two additional principal payments are due in $1,750,000 installments, with the first installment due at the end of fiscal year 2013 and the second installment due at the end of the first fiscal quarter of 2014. The remaining outstanding principal amount is due at maturity, on April 23, 2014. Borrowings under the facility bear interest at our option of ABR Loan (defined as the greater of the Federal funds rate, the adjusted one-month LIBOR rate or 3%) plus 8% or LIBOR plus 9%, with LIBOR having a floor of 2%. The Term Loan Agreement requires the maintenance of certain financial ratios, as described in the Term Loan Agreement, and contains customary events of default. Balances outstanding under the Term Loan Agreement are secured by a second lien on trade receivables and inventory, as well as a first lien on all of our other assets.

On October 22, 2010, we issued $15.0 million in senior subordinated notes due October 22, 2014 (the PIK Notes). Pursuant to the terms of a note purchase agreement dated as of that date (the Note Purchase Agreement), the PIK Notes bear interest at 20% and accrete interest every six months. The PIK Notes require the maintenance of certain financial ratios, as described in the Note Purchase Agreement, and contain customary events of default.

Borrowings under the Term Loan Agreement and the PIK Notes were used to finance the Class A unit redemption, repay debt and pay related fees and expenses. We intend to use the proceeds of this offering, together with borrowings under our new senior secured credit facilities, to redeem or repurchase all of the PIK Notes and to repay all of the principal and interest outstanding under our existing senior secured credit facilities. For a description of our new senior secured credit facilities, see the information under the caption Description of Our Indebtedness New Senior Secured Credit Facilities.

In 2006, we entered into an interest rate swap agreement which expired in January 2011. This interest rate swap agreement had an initial notional amount of $21.8 million and called for us to pay interest at a fixed rate of 4.86% while receiving interest for the same period at one-month LIBOR on the same notional principal amount. The swap was entered into as a hedge against LIBOR movements on variable rate indebtedness totaling over $36.5 million at LIBOR plus a spread based upon our attainment of certain financial ratios. One-month LIBOR was 0.2615% as of March 25, 2011. The swap agreement did not qualify for hedge accounting under Accounting Standards Codification, or ASC, 815, *Derivatives and Hedging*.

Our capital expenditures, excluding cash paid for acquisitions, for the 2010 fiscal year were $1.1 million. Our capital expenditures for the quarter ended March 25, 2011 were $389,000. We believe that our capital expenditures, excluding cash paid for acquisitions, for fiscal 2011 will be between $1.0 million and $2.0 million and for fiscal 2012 will be between $7.5 million and $9.0 million. We expect to finance these requirements with cash generated from operations and borrowings under our revolving credit facility. Our planned capital projects will provide both new and expanded facilities and improvement to our technology that we believe will produce increased efficiency and the capacity to continue to support the growth of our customer base. Future investments and acquisitions will be financed through either internally generated cash flow, borrowings under our new senior secured credit facilities negotiated at the time of the potential acquisition or issuance of our common stock.

Net cash provided by operations was $13.5 million for the year ended December 24, 2010, an increase of $1.6 million from the $11.9 million provided by operations for the year ended December 25, 2009. The primary reasons for the change was the $6.9 million increase in net income offset by an increase of $0.7 million in working capital and a $2.5 million increase in deferred tax assets. The increase in working capital was principally the result of an increase in trade and other accounts receivable of $5.4 million, an increase of $0.7 million in prepaid expenses and other assets, an increase of $0.5 million in inventory levels, offset by a $4.7 million increase in trade payables and other accrued liabilities, as well as a $0.2 million increase in income and sales tax payable, while the increase in the deferred tax assets resulted principally from our limited liability company subsidiaries electing to be taxed as C-corporations prior to our redemption of the class A units in October 2010. Net cash provided by operations was $11.9 million for the year ended December 25, 2009, an increase of $10.3 million from the $1.6 million provided by operating activities for the year ended December 26, 2008. The increase in net cash provided by operating activities was primarily the result of a $6.8 million increase in net income over fiscal 2008, together with no significant change in working capital. In 2008 working capital increased by $3.1 million, which was driven by a significant reduction in trade payables. Net cash provided by operations of $1.6 million for the year ended December 26, 2008 was the result of slightly lower levels of net income and a $3.2 million increase in working capital resulting from a $6.1 million reduction in accounts payable and accrued liabilities reflecting management s decision to pay suppliers more timely, offset by a $2.5 million decrease in inventory levels and a $2.4 million decrease in trade accounts receivable.

Net cash provided by operations was $3.1 million for the quarter ended March 25, 2011, an increase of $0.6 million from the $2.5 million provided by operations for the quarter ended March 26, 2010. The increase was driven by higher net income taking into account non-cash items such as amortization of original issue discount as well as PIK interest on our senior subordinated notes.

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Net cash used in investing activities remained flat year-over-year, with $4.9 million used in fiscal 2010 and $4.8 million used in fiscal 2009. The largest component of cash used in investing activities in each of fiscal 2009 and fiscal 2010 was cash paid for acquisitions. We expect that our cash paid for acquisitions will be higher in fiscal 2011 than fiscal 2010 as a result of our acquisition of certain assets of Harry Wils & Co. Net cash used in investing activities was $5.8 million for the year ended December 26, 2008. The decrease in the fiscal 2009 compared to the fiscal 2008 was primarily due to lower capital expenditures.

Net cash used in investing activities was $0.4 million for the quarter ended March 25, 2011, a decrease of $0.1 million from the $0.5 million used in investing activities for the quarter ended March 26, 2010. The decrease was primarily due to lower capital expenditures in the quarter ended March 25, 2011, as well as the fact that we did not redeem any of our class C units in the first quarter of 2011 as we had in the first quarter of 2010.

Net cash used in financing activities also remained relatively flat year-over-year despite significant movements between debt and equity. We used $7.6 million in fiscal 2010 and $7.8 million in fiscal 2009. We incurred net borrowings of approximately $68.8 million during fiscal 2010 that were used for the redemption of our Class A units ($68.3 million) and the associated fees to obtain the financing. Net cash provided by financing activities was $3.6 million for the year ended December 26, 2008, primarily due to financing related to an acquisition, partially offset by repayments on long-term debt. For a description of our new senior secured credit facilities which we expect to enter into in connection with the consummation of this offering, see the information under the caption Description of Our Indebtedness New Senior Secured Credit Facilities.

Net cash used in financing activities was $3.9 million for the quarter ended March 25, 2011, an increase of $2.3 million from the $1.5 million used in financing activities for the quarter ended March 26, 2010. This increase was the result of $0.7 million of higher payments under our Term Loan Agreement as well as an increase of $1.7 million in payments applied to the revolver portion of our Credit Agreement. The increase in payments under the revolver portion of our Credit Agreement was funded by higher cash provided by operations, a decrease in the amount of cash used in investing activities as well as a decrease in cash on hand of $1.1 million.

Commitments and Contingencies

The following schedule summarizes our contractual obligations and commercial commitments as of December 24, 2010:

	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN ONE YEAR	1-3 YEARS	3-5 YEARS	THEREAFTER
	(In thousands)				
Inventory purchase commitments	$ 5,576	$ 5,576	$	$	$
Indebtedness [1]	$ 99,525	$ 16,945(2)	$ 12,010	$ 70,570	$
Long-term non-capitalized leases	$ 23,373	$ 6,674	$ 10,082	$ 5,272	$ 1,345
Total	$ 128,474	$ 29,195(2)	$ 22,092	$ 75,842	$ 1,345

(1) For a description of the reduction in our indebtedness that will result from this offering, see Use of Proceeds and Capitalization.

(2) Reflects the inclusion of $12.2 million of borrowings under our senior secured revolving credit facility which are included within the current portion of long-term debt on our balance sheet despite not being due until October 22, 2013.

The indebtedness and non-capitalized lease obligations shown above exclude interest payments due. A portion of the indebtedness obligations shown reflect the expiration of the credit facility, not necessarily the underlying individual borrowings. In addition, cash to be paid for income taxes is excluded from the table above.

One of our subsidiaries, Dairyland USA Corporation, subleases one of its distribution centers from an entity controlled by our founders, The Chefs Warehouse Leasing Co., LLC. The Chefs Warehouse Leasing Co., LLC leases the distribution center from the New York City Industrial Development Agency. In connection with this sublease arrangement, Dairyland USA Corporation and two of our other subsidiaries are required to act as guarantors of The Chefs Warehouse Leasing Co., LLC s mortgage obligation on the distribution center. The mortgage payoff date is December 2029 and the potential obligation under this guarantee totaled $11.7 million at March 25, 2011. The

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Chefs Warehouse Leasing Co., LLC has the ability to opt out of its lease agreement with the New York City Industrial Development Agency by giving 60 days notice. This action would cause the concurrent reduction in the term of the sublease with Dairyland USA Corporation to December 2014.

We had outstanding letters of credit of approximately $120,000 at both December 24, 2010 and March 25, 2011.

All of our assets are pledged as collateral to secure our borrowings under our senior secured credit facilities.

Seasonality

Generally, we do not experience any material seasonality. However, our sales and operating results may vary from quarter to quarter due to factors such as changes in our operating expenses, management s ability to execute our operating and growth strategies, personnel changes, demand for natural products, supply shortages and general economic conditions.

Inflation

Our profitability is dependent, among other things, on our ability to anticipate and react to changes in the costs of key operating resources, including food and other raw materials, labor, energy and other supplies and services. Substantial increases in costs and expenses could impact our operating results to the extent that such increases cannot be passed along to our customers. The impact of inflation on food, labor, energy and occupancy costs can significantly affect the profitability of our operations.

Recently Issued Financial Accounting Standards

In December 2007, the Financial Accounting Standards Board, or FASB, issued ASC 805, *Business Combinations* (ASC 805). ASC 805 continues to require the purchase method of accounting for business combinations and the identification and recognition of intangible assets separately from goodwill. ASC 805 requires the buyer to, among other things: (1) account for the fair value of assets and liabilities acquired as of the acquisition date (i.e., a fair value model rather than a cost allocation model); (2) expense acquisition-related costs; (3) recognize assets or liabilities assumed arising from contractual contingencies at the acquisition date using acquisition-date fair values; (4) recognize goodwill as the excess of the consideration transferred plus the fair value of any non-controlling interest over the acquisition-date fair value of net assets acquired; (5) recognize at acquisition any contingent consideration using acquisition-date fair values (i.e., fair value earn-outs in the initial accounting for the acquisition); and (6) eliminate the recognition of liabilities for restructuring costs expected to be incurred as a result of the business combination. ASC 805 also defines a bargain purchase as a business combination where the total acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred plus the fair value of any non-controlling interest. Under this circumstance, the buyer is required to recognize such excess (formerly referred to as negative goodwill) in earnings as a gain. In addition, if the buyer determines that some or all of its previously booked deferred tax valuation allowance is no longer needed as a result of the business combination, ASC 805 requires that the reduction or elimination of the valuation allowance be accounted as a reduction of income tax expense. ASC 805 is effective for fiscal years beginning on or after December 15, 2008. We have applied ASC 805 to the acquisitions consummated after December 26, 2008, described herein and will apply ASC 805 to any future acquisitions.

In December 2007, the FASB issued ASC 810, *Consolidation.* This statement establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years beginning on or after December 15, 2008. The adoption of ASC 810 did not have a material effect on our consolidated financial statements.

In April 2008, the FASB issued ASC 350-30, *Determination of the Useful Life of Intangible Assets.* ASC 350-30 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350, *Intangibles Goodwill and Other*. The intent of ASC 350-30 is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. ASC 350-30 is effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. The adoption of ASC 350-30 did not have a material effect on our consolidated financial statements.

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In June 2008, the FASB issued ASC 260-10, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities*. ASC 260-10 provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. ASC 260-10 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and interim periods within those years. ASC 260-10 requires that all earnings per share data presented for prior periods be adjusted retrospectively (including interim financial statements, summaries of earnings and selected financial data) to conform. The adoption of ASC 260-10 did not have a material effect on our consolidated financial statements in the periods presented.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are subject to interest rate risk in connection with our borrowings under our existing senior secured credit facilities, which provide for (i) a $75.0 million term loan facility and (ii) a revolving credit facility under which we may borrow up to $25.0 million (including a sublimit cap of up to $1.0 million for letters of credit and up to $5.0 million for swing-line loans). As of December 24, 2010 and March 25, 2011, approximately $86.0 and $82.2 million, respectively, of principal amount of loans were outstanding under our existing senior secured credit facilities. Borrowings under our existing term loan facility bear interest, at our option, at a rate equal to the greater of the federal funds rate, the adjusted one month London Interbank Offered Rate, or LIBOR, or 3%, in each case plus 8%, or LIBOR plus 9%, with LIBOR having a 2% floor. Borrowings under our existing revolving credit facility bear interest, at our option, at a rate per annum based on the administrative agents prime rate, plus a margin of up to 1.25%, or LIBOR, plus a margin of up to 3.5%, with the margins determined by certain financial ratios. Floating rate debt, like our senior secured credit facilities, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates.

In 2006, we entered into an interest rate swap agreement which expired in January 2011. This interest rate swap agreement had an initial notional amount of $21.8 million and called for us to pay interest at a fixed rate of 4.86% while receiving interest for the same period at one-month LIBOR on the same notional principal amount. The swap was entered into as a hedge against LIBOR movements on variable rate indebtedness totaling over $36.5 million at LIBOR plus a spread based upon our attainment of certain financial ratios. With the expiration of this interest rate swap, all of our outstanding indebtedness under our senior secured credit facilities is exposed to short-term changes in market interest rates.

Because of interest rate floors embedded in our existing senior secured credit facilities, a 100 basis-point increase in market interest rates on our existing senior secured credit facilities would result in a decrease in net earnings and cash flows of less than $0.1 million per annum, after tax, holding other variables constant.

OUR BUSINESS

Company Overview

We are a premier distributor of specialty food products in the United States. We are focused on serving the specific needs of chefs who own and/or operate some of the nation s leading menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores. We believe that we have a distinct competitive advantage in serving these customers as a result of our extensive selection of distinctive and hard-to-find specialty food products, our product knowledge and our customer service.

We define specialty food products as gourmet foods and ingredients that are of the highest grade, quality or style as measured by their uniqueness, exotic origin or particular processing method. Our product portfolio includes over 11,500 SKUs and is comprised primarily of imported and domestic specialty food products, such as artisan charcuterie, specialty cheeses, unique oils and vinegars, hormone-free protein, truffles, caviar and chocolate. We also offer an extensive line of broadline food products, including cooking oils, butter, eggs, milk and flour. Our core customers are chefs, and we believe that, by offering a wide selection of both distinctive and hard-to-find specialty products, together with staple broadline food products, we are able to differentiate ourselves from larger, traditional broadline foodservice distributors, while simultaneously enabling our customers to utilize us as their primary foodservice distributor.

Founded in 1985 as Dairyland USA Corporation, a distributor of butter, eggs and select specialty food products in the New York metropolitan area, we focus our sales efforts on developing relationships with the chefs who own or operate independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores in six of the nation s leading culinary markets, including New York, Washington, D.C., Los Angeles, San Francisco, Las Vegas and Miami. Our more than 7,000 customer locations include many of the leading independent restaurants in each of our markets. By leveraging an experienced and sophisticated sales force of approximately 125 sales professionals, we maintain collaborative relationships with thousands of chefs while also acting as a critical marketing arm and route-to-market for many of our suppliers. Operating out of seven distribution centers and providing service six days a week in many of our service areas, we utilize our fleet of delivery trucks to fill an average of 11,000 orders weekly.

Since the formation of our predecessor in 1985, we have expanded our distribution network, product selection and customer base both organically and through acquisitions. From fiscal 2009 to fiscal 2010, net revenues, net income and EBITDA increased approximately $59.0 million, $6.9 million and $8.7 million, respectively, to $330.1 million, $15.9 million and $24.6 million, respectively. Net revenues, net income and EBITDA for the three months ended March 25, 2011 were $83.2 million, $1.0 million and $5.5 million, respectively, increases/(decreases) of $13.2 million, $(0.5) million and $1.8 million, respectively, over the comparable period in fiscal 2010. The decline in net income for the three months ended March 25, 2011 was a result of higher interest expense incurred as a result of a refinancing transaction completed in October 2010. Pro forma net income for fiscal 2010 and the three months ended March 25, 2011 was $12.0 million and $2.8 million, respectively. See footnote 3 to the Summary Consolidated Financial Data for a reconciliation of EBITDA to adjusted EBITDA and the information under the caption Unaudited Pro Forma Condensed Consolidated Financial Statements beginning on page F-21 for the calculation of pro forma net income for fiscal 2010 and the three months ended March 25, 2011. During these periods and in prior years, our sales to both new and existing customers have increased as a result of an increase in the breadth and depth of our product portfolio, our commitment to customer service, the efforts of our experienced and sophisticated sales professionals, the increased use of technology in the operations and management of our business and our ongoing consolidation of the fragmented specialty foodservice distribution industry, including acquisitions in San Francisco, Washington, D.C., Miami and New York City since 2007.

Competitive Strengths

We believe that, during our 26-year history, we have achieved, developed and/or refined the following strengths which provide us with a distinct competitive position in the foodservice distribution industry and also the opportunity to achieve superior margins relative to most large broadline foodservice distributors:

Leading Distributor of Specialty Food Products in Many of the Key Culinary Markets. Based on our management s industry knowledge and experience, we believe we are the largest distributor of specialty food products in the New

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York, Washington, D.C., San Francisco and Los Angeles metro markets as measured by net sales. We believe these markets, along with a number of other markets we serve, including Las Vegas, Miami, Philadelphia, Boston and Napa Valley, create and set the culinary trends for the rest of the United States and provide us with valuable insight into the latest culinary and menu practices. Furthermore, we believe our established relationships with many of the top chefs, culinary schools and dining establishments in these key culinary markets have benefited us when we entered into new markets where we believe that chefs at our potential customers were generally knowledgeable of our brand and commitment to quality and excellence from their experience working in other markets which we serve or through their personal relationships throughout the culinary industry.

Expansive Product Offering. We offer an extensive portfolio of high-quality specialty food products, ranging from basic ingredients and staples, such as milk and flour, to delicacies and specialty ingredients sourced from North America, Europe, Asia and South America, which we believe helps our customers distinguish their menu items. According to Mintel Group Ltd., the average specialty food distributor carries only 1,609 SKUs. In comparison, we carry more than 11,500 SKUs, including approximately 7,000 that are in-stock every day, and we constantly evaluate our portfolio and introduce new products to address regional trends and preferences and ensure that we are on the leading edge of broader culinary trends. Through our importing division, we provide our customers with access to a portfolio of exclusive items, including regional olive oils, truffles and charcuterie from Italy, Spain, France and other Mediterranean countries. In addition, and as evidence of our commitment to aid our customers in creating unique and innovative menu items, we regularly utilize our sourcing relationships and industry insights to procure additional products that we do not regularly carry but that our customers specifically request. We believe that the breadth and depth of our product portfolio facilitates our customers ability to distinguish and enhance their menu offerings and differentiates us from larger traditional broadline foodservice distributors. For example, we provide a selection of more than 125 different varieties of olive oil, while large broadline foodservice distributors only carry, on average, 5-10 types of olive oil.

In addition, we carry numerous gourmet brands, and at the same time, we also seek to maximize product contribution through the sale of our proprietary brands, which we offer in a number of staple products, including bulk olive oil, Italian grating cheeses and butter. We believe that our ability to offer simultaneously high-quality specialty foods and ingredients and more traditional broadline staple food products provides our customers with foodservice distribution solutions that are efficient and cost effective.

Critical Route-to-Market for Specialty Food Suppliers. We currently distribute products from more than 1,000 different suppliers, with no single supplier currently representing more than 5% of our total disbursements. Our suppliers are located throughout North America, Europe, Asia and South America and include numerous small, family-owned entities and artisanal food producers. We are the largest customer for many of our suppliers. As a result, our experienced and sophisticated sales professionals, customer relationships and distribution platform are critical to these suppliers route-to-market, which provides us with greater leverage in our relationships with the suppliers and also enables us to offer a wide range of products on an exclusive basis.

Expanding Base of Premier Customer Relationships. Our breadth and depth of product offerings coupled with our highly regarded customer service has allowed us to develop and retain a loyal customer base that is comprised of chefs who own or work at more than 7,000 of the nation s leading menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores. By offering an extensive portfolio of specialty food products, many of which are in-stock every day, as well as many staple broadline food products, we have the ability to serve as our customers primary foodservice distributor. Our focus on product selection, product knowledge and customer service has rewarded us with a number of long-term customer relationships, which often begin when chefs are introduced to us while attending the nation s leading culinary schools, including The Culinary Institute of America and The French Culinary Institute, both of which have been customers of ours for more than five years. In a continuous effort to capture market share, we remain focused on expanding our customer base, and we enjoy no meaningful customer concentration, as we serve multiple geographic markets and our top 10 customers accounted for less than 10% of total net revenue for the year ended December 24, 2010.

Collaborative Professional and Educational Relationships with our Customers. We employ a sophisticated and experienced sales force of approximately 125 sales professionals, the majority of whom have formal culinary training, degrees in the culinary arts or prior experience working in the culinary industry. Equipped with advanced culinary and industry knowledge, our sales professionals seek to establish a rapport with our customers so that they can more fully understand and anticipate the needs of and offer cost-effective food product solutions to the chefs that own or operate these businesses. We believe that the specialized knowledge base of our sales professionals enables us to take a more collaborative and educational approach to selling our gourmet foods and ingredients and to further differentiate ourselves from our traditional broadline competitors.

Expertise in Logistics and Distribution. We have built a first-class, scalable inventory management and logistics platform that enables us to efficiently fill an average of 11,000 orders each week and to profitably meet our customers needs for varying drop sizes, high service levels and timely delivery. Our average distribution service levels, or the percentage of in-stock items ordered by customers that were delivered by the requested date, was in excess of 99% in 2010, which we believe is among the highest rates in the foodservice distribution industry. With distribution centers located in New York, Los Angeles, San Francisco, Washington D.C., Las Vegas and Miami, we are able to leverage our geographic footprint and reduce our inbound freight costs. This scale enables us to maintain a portfolio of more than 11,500 SKUs through the operation of our sophisticated information technology, inventory management and logistics systems, which we believe allows us to provide our customers with the highest level of customer service and responsiveness in our industry.

Moreover, we have made significant investments since the beginning of 2007 to develop our information technology platform in an effort to ensure that our customers orders are filled and delivered efficiently and on time, usually within 12-24 hours following order placement. We employ routing and logistics planning software which we believe maximizes the number of daily deliveries that each of our trucks can make, while also allowing us to make deliveries within each of our customers preferred 2-3 hour time windows. We also use GPS and vehicle monitoring technology to regularly monitor the condition of our delivery trucks and measure our drivers performance, enabling proactive fleet maintenance, excellent customer service and improved risk management. To determine optimal inventory levels, we utilize advanced forecasting algorithms. Additionally, we currently employ an integrated warehouse management system in our New York distribution facilities to track inventory and manage working capital, and we plan to integrate this system into the remainder of our distribution facilities by the end of 2011.

Experienced and Proven Management Team. Our senior management team has demonstrated the ability to grow the business through various economic environments. With collective experience of more than 60 years at The Chefs Warehouse and its predecessor, our founders and senior management are experienced operators and are passionate about our future. Our senior management team is comprised of our founders as well as experienced professionals with expertise in a wide range of functional areas, including finance, sales and marketing, information technology and human resources. We believe our management team and employee base is, and will remain, highly motivated as they will continue to own approximately 53.7% of our common stock upon consummation of this offering assuming no exercise of the over-allotment option.

Our Growth Strategies

We believe substantial organic growth opportunities exist in our current markets through increased penetration of our existing customers and the addition of new customers, and we have identified new markets that we believe also present opportunities for future expansion. Key elements of our growth strategy include the following:

Increase Penetration with Existing Customers. We intend to sell more products to our existing customers by increasing the breadth and depth of our product selection and increasing the efficiency of our sales professionals, while at the same time continuing to provide excellent customer service. We are a data-driven and goal-oriented organization, and we are highly focused on increasing the number of unique products we distribute to each customer and our weekly gross profit contribution from each customer. Based on our management s industry experience and our relationships and dealings with our customers, we believe we are the primary distributor of specialty food products to the majority of our customers, and we intend to maintain that position while adding to the number of customers for which we serve as their primary distributor of specialty food products.

Expand our Customer Base Within our Existing Markets. As of December 24, 2010, we served more than 7,000 customer locations in the United States. We plan to expand our market share in the fragmented specialty food distribution industry by cultivating new customer relationships within our existing markets through the continued penetration of independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores. We believe we have the opportunity to continue to gain market share in our existing

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markets by offering an extensive selection of specialty food products as well as traditional broadline staple food products through our unique, collaborative and educational sales efforts and efficient, scalable distribution solution.

Continue to Improve our Operating Margins. As we continue to grow, we believe we can improve our operating margins by continuing to leverage our inventory management and logistics platform and our general and administrative functions to yield both improved customer service and profitability. Utilizing our fleet of delivery trucks, we fill an average of 11,000 customer orders weekly, usually within 12-24 hours of order placement. We intend to continue to offer our customers this high level of customer service while maintaining our focus on realizing efficiencies and economies of scale in purchasing, warehousing, distribution and general and administrative functions which, when combined with incremental fixed-cost leverage, we believe will lead to continued improvements in our operating margin.

Pursue Selective Acquisitions. Throughout our 26-year history, we have successfully identified, consummated and integrated multiple new market and tuck-in acquisitions. We believe we have improved the operations and overall profitability of each acquired company by leveraging our sourcing relationships to provide an expanded product portfolio, implementing our tested sales force training techniques and metrics and installing improved warehouse management and information systems. We believe we have the opportunity to capitalize on our existing infrastructure and expertise by continuing to selectively pursue opportunistic acquisitions in order to expand the breadth of our distribution network, increase our operating efficiency and add additional products and capabilities, and as a premier specialty foodservice distributor in the United States, we believe we are well positioned to further consolidate the fragmented specialty foodservice distribution industry.

We continue to compete with several smaller local or regional competitors within each of our existing markets, and we believe some of these competitors may represent attractive tuck-in acquisition candidates. Additionally, we believe there are a number of other markets in the United States that would support our business model. Each of these markets maintains a high density of independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores that are currently served by multiple specialty foodservice distributors, each of which we believe lacks our product selection, experienced and sophisticated sales professionals, commitment to customer service, scale and infrastructure.

Our Markets and the Customers that We Serve

We distribute our specialty food products to over 7,000 distinct customer locations from distribution centers located in our six primary markets, which include New York, Washington, D.C., San Francisco, Los Angeles, Las Vegas and Miami. We also serve customers in a number of other markets including Philadelphia, Boston and Napa Valley. We believe that these markets collectively set the culinary trends for the rest of the United States and provide us with valuable insight into the latest culinary and menu trends. We have the unique ability to service the nation s most demanding chefs through the establishment of collaborative professional and educational relationships which allows us to anticipate the needs of and offer cost-effective food product solutions to our customers while allowing our customers to locate ingredients that will enable them to create unique and differentiated menu items. Our target customers include menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores. We enjoy no meaningful customer concentration as our top 10 customers accounted for less than 10% of total net revenue for our 2010 fiscal year.

Set forth below is a breakdown of the geographic markets we serve, the year we entered each market:

MARKET NAME	GEOGRAPHIES SERVED	YEAR ENTERED

New York	Boston to Atlantic City	1985
Washington, D.C.	Philadelphia to Richmond	1999
Los Angeles	Santa Barbara to San Diego	2005
San Francisco	Napa Valley to Monterey Bay	2005
Las Vegas	Las Vegas	2005
Miami	Miami	2010

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Although we believe we are the largest specialty food distributor in the majority of our markets, we remain focused on expanding our existing customer base and increasing the average order size and profitability of our existing customers. We believe that we currently distribute one or more products on a weekly basis to more than 60% of our addressable market in the New York metropolitan area and between 20%-30% of our addressable market in the other markets that we serve. We define our addressable market as independent restaurants with an average entrée price of greater than $15.00 according to an online menu aggregator that provides detailed menu listings for various markets around the country.

We extend credit to virtually all of our customers on varying terms with average payment maturities of approximately 21 days. We complete a formal credit assessment of all new customers, and our Credit and Collections Department, which consists of 11 full-time employees, regularly evaluates credit terms for each individual customer based upon several factors, including order frequency, average order size, the types of products purchased and the length of the relationship. We believe that we are skilled at managing customer credit as evidenced by our historical write-offs which have averaged approximately 0.32% over the past three years.

We believe our established relationships with many of the top chefs, culinary schools and fine dining establishments in our existing culinary markets benefited us when we entered into new markets where we believe that potential customers were generally knowledgeable of our brand and commitment to quality and excellence from their experience working in other markets which we serve or through their personal relationships throughout the culinary industry.

Our Specialty Food Products

We strive to be the primary food source solution for our customers, and, to this end, we offer our customers a comprehensive product portfolio that ranges from staple broadline products, such as milk and flour, to high-quality, specialty food products and ingredients sourced from North America, Europe, Asia and South America. We carry more than 11,500 SKUs, including 7,000 that are in-stock every day, and we are fully committed to utilizing our sourcing relationships and industry insights to procure products that we do not regularly carry but that our customers specifically request as they seek to create unique and innovative menu items.

We continuously evaluate potential additions to our product portfolio based on both existing and anticipated trends in the culinary industry. Our buyers have numerous contacts with suppliers throughout North America, South America, Europe and Asia and are always looking for new and interesting products that will aid our customers as they seek to keep up with the latest developments in the culinary industry. Our ability to successfully distribute a significant portion of the total production of smaller, regional and artisanal specialty food producers allows us the opportunity to be these producers primary route-to-market in our markets without, in most cases, requiring us to make contractual commitments regarding guaranteed volume. We are also able to utilize our size and successful track record of distributing products sourced from outside the United States to resist efforts from many of our foreign suppliers to push importing costs off onto us.

We seek to differentiate ourselves from our competitors by offering a more extensive depth and breadth of specialty products. We carry a wide range of high-quality specialty food products including artisan charcuterie, specialty cheeses, unique oils and vinegars, hormone-free protein, truffles, caviar and chocolate across each of our markets, but we also offer a number of items in each of our respective markets that are tailored to meet the unique preferences of the individual chefs in that market. We regularly rotate our inventory to identify and bring to market new products that will continue to support our value proposition.

Within our product offerings, we carry numerous gourmet brands, and at the same time, we also seek to maximize product contribution through the sale of our proprietary brands, which we offer in a number of staple products, including bulk olive oil, Italian grating cheeses and butter. We believe that our ability to offer simultaneously high-quality specialty foods and ingredients and more traditional broadline staple food products provides our customers with foodservice distribution solutions that are efficient and cost effective.

Our Sophisticated and Experienced Sales Professionals

We employ a sophisticated and experienced sales force of approximately 125 sales professionals focused on meeting our customers goals and objectives while concurrently educating them regarding our latest products and broader culinary trends. To ensure a high level of customer service, we seek to maintain a ratio of approximately one sales professional for every 65 customers. Our sales force is composed of the following three distinct groups which are all focused on providing outstanding service to our customers:

Outside Sales Associates: Responsible for identifying sales opportunities, educating customers and acting as our public representatives.

Inside Sales Associates: Responsible for processing customer orders and arranging for delivery and payment.

Product Specialists: Responsible for maintaining specialized product knowledge and educating our outside sales associates and customers regarding new products and general developments in several specific categories including protein, seafood, pastry and cheese.

The majority of our sales professionals have formal culinary training, degrees in the culinary arts and/or prior experience working in the culinary industry. We strive to harness this culinary knowledge and passion for food and to concurrently promote an entrepreneurial working environment. Utilizing advanced pricing optimization software available to them on a real-time basis, our sales professionals are afforded flexibility to determine the pricing of individual items for our customers within a range of pricing options. The majority of our sales professionals are compensated on a commission basis, and their performance is measured primarily upon their gross profit dollars obtained. We have historically experienced low turnover among our seasoned sales professionals.

Because we are highly focused on collaborating with our customers and educating them regarding our latest products and broader culinary trends, we view the ongoing education and training of our sales force as crucial to our continued success. To ensure that our sales professionals remain on the forefront of new culinary products and trends, we regularly hold vendor shows at our distribution centers where our sales force is able to interact with vendors and learn more about the vendors latest product offerings and the performance of these products relative to competitive offerings.

Our Suppliers

We are committed to providing our customers with an unrivaled portfolio of specialty food products as well as a comprehensive broadline product offering. To fulfill this commitment, we maintain strong sourcing relationships with numerous producers of high-quality artisan and regional specialty food products as well as a wide range of broadline product suppliers. Our importing arm also provides us with access to exclusive items such as regional olive oils, truffles and charcuterie sourced from Italy, Spain, France and other Mediterranean countries.

We constantly seek out and evaluate new products in order to satisfy our customers desire to be at the forefront of the latest culinary and menu trends, and, as evidence of our commitment to aid our customers in creating unique and innovative menu items, we regularly utilize our sourcing relationships and industry insights to procure other products that we do not regularly carry but that our customers specifically request.

We currently distribute products from more than 1,000 different suppliers and no single supplier represented more than 5% of our total disbursements for the quarter ended March 25, 2011. We carry multiple products and utilize multiple suppliers in all of our product categories, thereby eliminating our dependence upon any single supplier. Additionally, we seek to limit commodity risk by utilizing sophisticated forecasting and inventory management systems to minimize the inventory carrying time of commodity-oriented products and by leveraging the specialized product knowledge of our Product Specialists to manage purchasing and inventory levels when appropriate.

Our Operations and Distribution Centers

Operating out of seven distribution centers of varying size and providing service six days a week in many areas, we utilize our fleet of delivery trucks to fill an average of 11,000 orders weekly, usually within 12-24 hours of order placement. Our average distribution service level, or the percentage of in-stock items ordered by customers that were delivered by the requested date, was in excess of 99% as of fiscal year end 2010, which our management believes is among the highest in the foodservice distribution industry. To achieve these high service levels, we have invested significantly in sophisticated warehousing, inventory control and distribution systems as described in more detail below.

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The following table provides information about our distribution locations as of December 24, 2010:

OVERVIEW OF OUR DISTRIBUTION CENTERS

NAME/LOCATION	OWNED / LEASED	APPROXIMATE SIZE (SQUARE FEET)
Bronx, New York #1	Leased	120,000
Bronx, New York #2	Leased	55,000
Hanover, Maryland	Leased	55,200
Miami, Florida [(1)]	Leased	10,000
Los Angeles, California	Leased	80,000
Hayward, California	Leased	40,000
Las Vegas, Nevada	Leased	11,440
Total		**371,640**

(1) We have entered into a lease agreement for a separate distribution center in the Miami, Florida area. We expect we will move our Miami operations in the third quarter of 2011.

Our primary New York City distribution facility utilizes a fully-integrated warehouse management system which provides real-time inventory visibility across the distribution center and detailed metrics related to inventory turns. We plan to integrate this system into the remainder of our distribution facilities by the end of 2011. Additionally, we have begun to implement pick-to-voice technology in each of our distribution facilities which will enable our warehouse employees to fill orders with greater speed and accuracy.

Products are delivered to our distribution centers primarily by our fleet of trucks, contract carriers and the suppliers themselves. We lease our trucks from national leasing companies and regional firms that offer competitive services. Customer orders are assembled in our distribution centers and then sorted, placed on pallets and loaded onto trucks and trailers in delivery sequence. The majority of our trucks and delivery trailers have separate, temperature-controlled compartments.

We employ advanced routing and logistics planning software which maximizes the number of daily deliveries that each of our trucks can make while also enabling us to make deliveries within each customer s preferred 2-3 hour time window. We also use GPS and vehicle monitoring technology to regularly evaluate the condition of our delivery trucks and monitor the performance of our drivers by tracking their progress relative to their delivery schedule and providing information regarding hard braking, idling and fast starts. Our use of this technology allows us to conduct proactive fleet maintenance, provide timely customer service and improve our risk management.

Our Technology Systems

We maintain an advanced information technology platform that enables us to manage our operations across our six markets as we seek to drive our growth and profitability and ensure that the needs of our customers are met in an accurate and efficient manner. We have made significant investments in distribution, sales, information and warehouse management systems over the last three years, including the implementation of a fully-integrated warehouse management system in our primary New York City distribution facility, which we anticipate will be installed in our other distribution facilities by the end of 2011. Our systems improvements include the implementation or enhancement of a web-based purchasing and advanced planning system that provides advanced forecasting and planning tools, vehicle monitoring and route optimization software and pick-to-voice and directed put-away systems. Over the last three years, we have also implemented an internally developed, web-based reporting tool which provides real-time sales, pricing and profitability analysis for our management and sales professionals. These improvements have been made in an effort to improve our efficiency as we continue to grow our business, and we believe that our current systems are scalable and can be leveraged to support our future growth.

Intellectual Property

Except for the Spoleto, Bel Aria, Grand Reserve and The Chefs Warehouse trademarks, we do not own or have the right to use any patent, trademark, tradename, license, franchise or concession, the loss of which would have a material adverse effect on our business, financial condition or results of operations.

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Competition

The foodservice distribution industry is highly competitive. We compete with numerous smaller distributors on a local level, as well as with a limited number of national broadline foodservice distributors. Certain of these distributors have greater financial and other resources than we do. Bidding for contracts or arrangements with customers, particularly larger hotels and caterers, is highly competitive and distributors may market their services to a particular customer over a long period of time before they are invited to bid. We believe that most purchasing decisions in the foodservice distribution industry are based upon the quality and price of the product distributed and the distributor s ability to completely and accurately fill orders and deliver them in a timely manner.

Employees

We maintain a dedicated workforce of 189 hourly and 382 salary- or commission-based employees. We offer attractive compensation and benefit packages, and none of our workforce is represented by a union or covered by a collective bargaining agreement. Our management has historically, and plans to continue to, instill a commitment to quality and excellence throughout our workforce, stressing personal accountability in all areas of our business.

Regulation

As a distributor of specialty food products in the United States, we are subject to regulation by numerous federal, state and local regulatory agencies. For example, at the federal level, we are subject to the Federal Food, Drug and Cosmetic Act, the Bioterrorism Act and regulations promulgated by the FDA. The FDA regulates manufacturing and holding requirements for foods, specifies the standards of identity for certain foods and prescribes the format and content of certain information required to appear on food product labels, among other responsibilities. For certain product lines, we are also subject to the Federal Meat Inspection Act, the Poultry Products Inspection Act, the Perishable Agricultural Commodities Act, the Country of Origin Labeling Act and regulations promulgated thereunder by the USDA. The USDA imposes standards for product quality and sanitation, including the inspection and labeling of meat and poultry products and the grading and commercial acceptance of produce shipments from vendors. In January 2011, President Obama signed into law the FDA Food Safety Modernization Act, which greatly expands the FDA s authority over food safety, including giving the FDA power to order the recall of unsafe foods, increase inspections at food processing facilities, issue regulations regarding the sanitary transportation of food, enhance tracking and tracing requirements and order the detention of food that it has reason to believe is adulterated or misbranded, among other provisions. Our suppliers are also subject to similar regulatory requirements. We and our suppliers are subject to inspection by the FDA and the USDA and the failure to comply with applicable regulatory requirements could result in civil or criminal fines or penalties, product recalls, closure of facilities or operations, the loss or revocation of existing licenses, permits or approvals or the failure to obtain additional licenses, permits or approvals in new jurisdictions where we intend to do business.

We are also subject to state and local regulation through such measures as the licensing of our facilities, enforcement by state and local health agencies of state and local standards for our products and facilities and regulation of our trade practices in connection with the sale of products. Our facilities are generally inspected at least annually by federal and/or state authorities. These facilities are also subject to inspections and regulations issued pursuant to the Occupational Safety and Health Act by the U.S. Department of Labor which require us to comply with certain manufacturing, health and safety standards to protect our employees from accidents and to establish hazard communication programs to transmit information about the hazards of certain chemicals present in certain products that we distribute.

Our trucking operations are regulated by the Surface Transportation Board and the Federal Highway Administration. In addition, interstate motor carrier operations are subject to safety requirements prescribed by the U.S. Department of

Transportation and other relevant federal and state agencies. Such matters as weight and dimension of equipment are also subject to federal and state regulations. We believe that we are in substantial compliance with applicable regulatory requirements relating to our motor carrier operations. Our failure to comply with the applicable motor carrier regulations could result in substantial fines or revocation of our operating permits.

Our operations are subject to a broad range of federal, state and local environmental health and safety laws and regulations, including those governing discharges to air, soil and water, the handling and disposal of hazardous substances and the investigation and remediation of contamination resulting from releases of petroleum products and other hazardous substances.

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We believe that we are in material compliance with all federal, state and local regulations applicable to our operations, and management is unaware of any related issues that may have a material adverse effect upon our business, financial condition or results of operations.

Litigation and Insurance

We may be subject to lawsuits, claims and assessments in the normal course of business. Our management does not believe that there are any suits, claims or unasserted claims or assessments pending which would have a material adverse effect on our operations or financial condition. We currently have exposure to pending reimbursement claims brought by the New York State Workers Compensation Board against former employer members of self-insured workers compensation trusts. We were members in two of the trusts at issue and are working with the New York State Workers Compensation Board to resolve this matter. We currently estimate exposure at approximately $500,000.

We maintain comprehensive insurance packages with respect to our facilities, equipment, product liability, directors and officers, workers compensation and employee matters in amounts which management believes to be prudent and customary within the foodservice distribution industry.

OUR MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information with respect to our executive officers, directors and director nominees as of July 15, 2011.

NAME	AGE	POSITION
Christopher Pappas (1)	51	Founder, Chairman, President and Chief Executive Officer
John Pappas (1)	47	Founder, Director and Vice Chairman
Dean Facatselis (1)	56	Founder and Director
John A. Couri	70	Director
Kevin Cox	47	Director Nominee (2)
John Austin	49	Director Nominee (2)
Stephen Hanson	61	Director Nominee (2)
Kenneth Clark	43	Chief Financial Officer
James Wagner	41	Chief Operating Officer
Frank O Dowd	54	Chief Information Officer
Patricia Lecouras	55	Executive Vice President of Human Resources
Alexandros Aldous	30	Legal Services Director

(1) Christopher Pappas and John Pappas are brothers. Dean Facatselis is married to Christopher Pappas and John Pappas sister.

(2) This individual has agreed to become a director immediately prior to the listing of our common stock on The NASDAQ Stock Market and is expected to be independent as such term is defined under The NASDAQ Marketplace Rules.

The board of directors believes that each of the directors and director nominees set forth above has the necessary qualifications to serve as a member of the board of directors. Each of our incumbent directors has exhibited during his prior service as a director the ability to operate cohesively with the other members of the board of directors. Moreover, the board of directors believes that each director and director nominee brings a strong background and skill set to the board of directors, giving the board of directors as a whole competence and experience in diverse areas, including corporate governance and board service, finance, management and foodservice distribution industry experience.

Each of our directors will be subject to re-election annually and each of our executive officers is an at-will employee.

Set forth below is a brief description of the business experience of each of our directors, director nominees and executive officers, as well as certain specific experiences, qualifications and skills that led to the board of directors conclusion that each of the directors and director nominees set forth below is qualified to serve as a director:

Christopher Pappas is our founder and has served as our chief executive officer since 1985 and has been our chairman since March 1, 2011. He has been our president since April 11, 2009 and before that was our president from our formation to January 1, 2007. Prior to founding our company, Mr. Pappas played basketball professionally in Europe for several years following his graduation from Adelphi University in 1981 with a Bachelor of Arts degree in Business Administration. Mr. Pappas currently oversees all of our business activities, with a focus on product procurement, sales, marketing and strategy development. Mr. Pappas s qualifications to serve on our board of directors include his extensive knowledge of our company and the specialty food products distribution business and his years of leadership at the Company.

John Pappas is a founder of our company and currently serves as our vice chairman, a position he has held since March 1, 2011. From our founding in 1985 to March 1, 2011, he served as our chief operating officer. He has 25 years of experience in logistics, facility management and global procurement and oversees our network of distribution centers nationwide. Mr. Pappas is also active in the development of our corporate strategy. Mr. Pappas s qualifications to serve on our board of directors include his extensive knowledge of our company and the specialty food products distribution industry and his years of leadership at the Company.

Dean Facatselis is a founder of our company and has been a director of our company since January 1, 2007. He served as our chief financial officer from June 1, 1985 to December 31, 2006. Mr. Facatselis is a certified public accountant, and he attended Baruch College of the City University of New York, where earned a Bachelor of Business Administration degree in 1977. Mr. Facatselis s qualifications to serve on our board of directors include his extensive knowledge of our company and the specialty food products distribution business, his accounting and financial expertise and his years of leadership at the company.

John A. Couri has been a director of ours since July 2005. Mr. Couri is the president of Couri Foundation, Inc., which was founded in 1988 to operate youth programs for underprivileged children. He is also the president of the Ridgefield Senior Center Foundation, Inc., which operates a senior center in Ridgefield, Connecticut. In 1983, Mr. Couri co-founded Duty Free International (DFI), a New York Stock Exchange-listed public company, now Duty Free Americas, and served as president and chief executive officer of that company until it was sold to BAA in 1997. Mr. Couri served as a member of the Listed Company Advisory Board of the New York Stock Exchange from January 1993 to December 1995 and served as chairman of the Board of Trustees of Syracuse University from May 2004 to May 2008. Mr. Couri holds a Bachelor of Arts degree in Economics, with a minor in Business, from Syracuse University and received an honorary doctorate degree from Syracuse University in 2008. Mr. Couri s qualifications to serve on our board of directors include his experiences as having been a founder, president and chief executive officer of a publicly traded company, his expertise involving listed companies and his understanding of corporate finance matters.

Kevin Cox has agreed to join our board of directors effective immediately prior to the listing of our common stock on The NASDAQ Stock Market. Mr. Cox is the executive vice president of human resources at American Express Company, a global provider of payment solutions and travel-related services for consumers and businesses, a position he has held since 2005. Prior to joining America Express, Mr. Cox spent 16 years at PepsiCo and Pepsi Bottling Group, where he held positions leading strategy, business development, technology and human resources. He is a current member of the board of directors of Corporate Executive Board Company, a registered public company, and Ability Beyond Disability, and he served as a member of the board of directors of Virgin Mobile USA, Inc., a registered public company, from 2007 to 2009. Mr. Cox holds a Master of Labor and Industrial Relations from Michigan State University and a Bachelor of Arts from Marshall University. Mr. Cox s qualifications to serve on our board of directors include his extensive knowledge of compensation matters, including the design, implementation and maintenance of compensation programs for publicly traded companies, as well as his experiences gained from serving on boards of directors of other publicly traded companies and his having been involved in the initial public offering of Pepsi Bottling Group.

John Austin has agreed to join our board of directors effective immediately prior to the listing of our common stock on The NASDAQ Stock Market. Mr. Austin is a founder and the chief financial officer of The Hilb Group, LLC, a regional mid-market insurance brokerage firm formed in 2009 which focuses primarily on property and casualty insurance and employee benefits services. Prior to joining The Hilb Group in 2009, Mr. Austin was employed by Performance Food Group Company, or PFG, a Richmond, Virginia-based publicly traded foodservice distributor, from 1995 to 2009. Mr. Austin served his last six years at PFG as that company s chief financial officer. Prior to joining PFG, Mr. Austin spent four years as the assistant controller for General Medical Corporation, a Richmond, Virginia-based distributor of medical supplies. He also spent the first six years of his career in public accounting, primarily with the Richmond, Virginia office of Deloitte & Touche. Mr. Austin s qualifications to serve on our board of directors include his extensive background and experience in finance and the operations of a public company operating within the foodservice distribution industry. Furthermore, he will qualify as our audit committee financial expert, as such term is defined in the rules and regulations of the SEC.

Stephen Hanson has agreed to join our board of directors effective immediately prior to the listing of our common stock on The NASDAQ Stock Market. Mr. Hanson is the founder and president of B.R. Guest Restaurants, a New York multi-concept operator that began with one restaurant in 1987 and has since expanded to over 20 properties in New York City, Las Vegas and Florida. Mr. Hanson is a member of the Department of Consumer Affairs Consumers

Council for New York City, a position he has held since January 2011. He also sits on the boards of directors for Publicolor, a not-for-profit organization that uses color, collaboration, design and the painting process to empower students to transform themselves, their schools and their communities, and City Harvest, a not-for-profit organization dedicated to ending hunger in New York City. Mr. Hanson earned a business degree from New York University s Stern School of Business in 1976. Mr. Hanson s qualifications to serve on our board of directors include his more than twenty years of experience in the restaurant industry, as well as his general business and investing background.

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Kenneth Clark is our chief financial officer, a position he has held since March 6, 2009. From July 7, 2007 to March 6, 2009, Mr. Clark served as our controller. Prior to joining our company, Mr. Clark was vice president controller at Credit Suisse Energy, LLC from June 2005 to July 2007. He has also held key financial positions at United Rentals, Inc., Sempra Energy Trading Corporation and Arthur Andersen, LLC. Mr. Clark holds a Bachelor of Business Administration degree in Accounting from Western Connecticut State University and is a certified public accountant.

James Wagner is our chief operating officer, a position he has held since March 1, 2011. Over the past six years he has served in a variety of management positions with our company, most recently serving as our chief commercial officer from August 1, 2010 to February 28, 2011 prior to his promotion to chief operating officer. From March 2009 to August 1, 2010 he served as our executive vice president of marketing, business development and, for our non-New York markets, sales. From March 2006 through February 2009, he was our executive vice president of marketing and business development. From October 2005 through February 2006, Mr. Wagner was the general manager of our Los Angeles market. Prior to joining our company in 2005, Mr. Wagner was a principal and co-founder of TrueChocolate, Inc., a chocolate manufacturing and processing start-up. He also held key management positions at Clear!Blue Marketing and was principal and founder of Jump Communications. Mr. Wagner holds a Bachelor of Arts degree from the University of California, Berkeley where he was member of the school s NCAA National Championship Water Polo teams in 1989, 1990, 1991 and 1992.

Frank O Dowd is our chief information officer, a position he has held since January 28, 2007. Mr. O Dowd has extensive experience managing information technology in rapidly growing organizations. Prior to joining our company, he was the chief information officer at GAF Materials Corporation, a North American roofing manufacturer, from June 1997 to April 2006 where he guided the company s IT function as the organization grew from a regional supplier to a large multinational corporation. Mr. O Dowd s prior professional experience also includes experiences at Reed Elsevier, Newsweek Magazine and Wyeth Pharmaceuticals. Mr. O Dowd holds a Bachelor of Arts degree from The University of Dayton and a Master of Arts degree from Stony Brook University.

Patricia Lecouras is our executive vice president of human resources, a position she has held since January 31, 2007. Ms. Lecouras joined our company from GE Capital Commercial Finance where she was vice president, human resources from 2001 to 2007. Prior to her time with GE Capital Commercial Finance, Ms. Lecouras was with Nine West Shoes (f/k/a Fischer Camuto Corporation) and Xerox. Ms. Lecouras s professional experience is multi-disciplinary and includes prior experience working in finance and tax-related functions. She also has earned a six sigma master black belt certification. Ms. Lecouras holds a Bachelor of Arts degree in Psychology and Social Work from Skidmore College.

Alexandros Aldous is our legal services director, a position he has held since March 2011. Prior to joining our company, he served as a legal consultant in London to Barclays Capital, the investment banking division of Barclays Bank PLC, from November 2009 to December 2010. Mr. Aldous also served as an attorney with Watson, Farley & Williams from August 2008 to September 2009, where he specialized in mergers and acquisitions and capital markets, and as an attorney with Shearman & Sterling LLP from October 2005 to August 2008, where he specialized in mergers and acquisitions. Mr. Aldous received a Bachelor of Arts degree in Classics and Government from Colby College, a Juris Doctor and M.A. from American University and an LL.M. from the London School of Economics and Political Science. Mr. Aldous is licensed to practice law in the State of New York, Washington, D.C. and England and Wales.

Corporate Governance Profile

Board Composition

Our business and affairs are managed under the direction of our board of directors. Our board of directors is currently comprised of four members. Our bylaws will provide that our board of directors will consist of a number of directors to be fixed from time to time by a resolution of the board of directors. Immediately prior to the listing of our common stock on The NASDAQ Stock Market, we expect that our board of directors will be comprised of at least seven directors, of which no less than four will be independent as such term is defined under The NASDAQ Marketplace Rules. Our board of directors has determined that John Couri, Kevin Cox, John Austin and Stephen Hanson are, or when appointed to our board of directors will be, independent. Moreover, our board of directors will not be staggered and each of our directors will be subject to re-election annually. Each director s term will continue until the election and qualification of his or her successor, or his or her earlier death, resignation or removal.

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Committees of the Board of Directors

Immediately prior to the listing of our common stock on The NASDAQ Stock Market, our board of directors will establish an audit committee, a compensation committee and a nominating and corporate governance committee. Each committee member will be appointed by the board of directors and will serve until the election and qualification of his or her successor, or his or her earlier death, resignation or removal.

Audit Committee

Upon the listing of our common stock on The NASDAQ Global Market, we will have an audit committee that will have responsibility for, among other things:

- overseeing management s maintenance of the reliability and integrity of our accounting policies and financial reporting and our disclosure practices;
- overseeing management s establishment and maintenance of processes to assure that an adequate system of internal control is functioning;
- overseeing management s establishment and maintenance of processes to assure our compliance with all applicable laws, regulations and corporate policies;
- reviewing our annual and quarterly financial statements prior to their filing and prior to the release of earnings; and
- reviewing the performance of the independent accountants and making decisions regarding the appointment or termination of the independent accountants and considering and approving any non-audit services proposed to be performed by the independent accountants.

We expect that John Austin, Stephen Hanson and Kevin Cox will serve on the audit committee upon the listing of our stock on The NASDAQ Global Market, with Mr. Austin serving as the chair of the audit committee. Our board of directors has affirmatively determined that each of Messrs. Austin, Hanson and Cox are independent directors according to the rules and regulations of the SEC and The NASDAQ Stock Market. In addition, we believe Mr. Austin will qualify as an audit committee financial expert, as such term is defined in the rules and regulations of the SEC. The audit committee will have the power to investigate any matter brought to its attention within the scope of its duties and to retain counsel for this purpose where appropriate.

Our board of directors will adopt a written charter for our audit committee, which will be available on our corporate website at *http://www.chefswarehouse.com* upon completion of this offering.

Compensation Committee

Upon the listing of our common stock on The NASDAQ Global Market, we will have a compensation committee that will have responsibility for, among other things:

- reviewing our compensation practices and policies, including equity benefit plans and incentive compensation;
- reviewing key employee compensation policies;
- monitoring performance and compensation of our employee-directors, officers and other key employees; and
- preparing recommendations and periodic reports to the board of directors concerning these matters.

We expect that John Couri, John Austin and Kevin Cox will serve on the compensation committee upon the listing of our stock on The NASDAQ Global Market, with Mr. Couri serving as the chair of the compensation committee. Our board of directors has affirmatively determined that each of Messrs. Couri, Austin and Cox are independent directors according to the rules and regulations of the SEC and The NASDAQ Stock Market.

Our board of directors will adopt a written charter for our compensation committee, which will be available on our corporate website at *http://www.chefswarehouse.com* upon completion of this offering.

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Nominating and Corporate Governance Committee

Upon the listing of our common stock on The NASDAQ Global Market, we will have a nominating and corporate governance committee that will have responsibility for, among other things:

- making recommendations as to the size, composition, structure, operations, performance and effectiveness of the board of directors;
- establishing criteria and qualifications for membership on the board of directors and its committees;
- assessing and recommending to the board of directors strong and capable candidates qualified to serve on the board of directors and its committees;
- developing and recommending to the board of directors a set of corporate governance principles; and
- considering and recommending to the board of directors other actions relating to corporate governance.

We expect that Kevin Cox, Stephen Hanson and John Couri will serve on the nominating and corporate governance committee upon the listing of our stock on The NASDAQ Global Market, with Mr. Cox serving as the chair of the nominating and corporate governance committee. Our board of directors has affirmatively determined that each of Messrs. Cox, Hanson and Couri are independent directors according to the rules and regulations of the SEC and The NASDAQ Stock Market.

Our board of directors will adopt a written charter for our nominating and corporate governance committee, which will be available on our corporate website at *http://www.chefswarehouse.com* upon completion of this offering.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serve, or in the past year have served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Code of Business Conduct and Ethics

In connection with this offering, our board of directors will adopt a code of business conduct and ethics that establishes the standards of ethical conduct applicable to all of our directors, officers, employees, consultants and contractors. The code of business conduct and ethics will address, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the code of business conduct and ethics, employee misconduct, conflicts of interest or other violations. Our code of business conduct and ethics will be publicly available on our website at *http://www.chefswarehouse.com*. Any waiver of our code of business conduct and ethics with respect to our chief executive officer, chief financial officer or persons performing similar functions may only be authorized by our audit committee and will be disclosed as required by applicable law.

Risk Oversight

Our board of directors oversees risk management with a focus on our primary areas of risk: risk related to our business strategy, financial risk, legal/compliance risk and operational risk. Our president and chief executive officer and each of our other executive officers are responsible for managing risk in their respective areas of authority and expertise, identifying key risks to the board and explaining to the board how those risks are being addressed.

Following the consummation of this offering, we expect that the standing committees of the board will also have responsibility for risk oversight. The audit committee will focus on financial risk, including fraud risk and risks relating to our internal controls over financial reporting. The nominating and corporate governance committee is expected to assist the board of directors in fulfilling its oversight responsibility with respect to regulatory compliance and will receive regular reports from our legal services director and other employees responsible for our regulatory compliance. The compensation committee is expected to address risks relating to our executive compensation strategies and will be tasked with monitoring our executive compensation program to ensure that it does not encourage our executive officers to take unnecessary and excessive risks. We anticipate that our board will receive regular reports from the chairs of these committees regarding these committees risk management efforts and receive reports and other meeting materials provided to each of the committees.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Discussion and Analysis

This compensation discussion and analysis discusses the objectives and elements of our compensation programs and the compensation awarded to our named executive officers in the 2010 fiscal year. This information should be read in conjunction with the Summary Compensation Table and the related tables and narratives that follow this compensation discussion and analysis. For fiscal 2010, the following individuals were our named executive officers:

- Christopher Pappas, our chairman, president and chief executive officer;
- John Pappas, our vice chairman;
- James Wagner, our chief operating officer;
- Kenneth Clark, our chief financial officer; and
- Frank O Dowd, our chief information officer.

Overview of Compensation Process

As a private company with a relatively small number of owners, we have historically employed an informal process for setting the compensation of our named executive officers. For fiscal 2010, the compensation for our chief executive officer and our vice chairman was established through negotiations between those executives and representatives of BGCP, the holder of a majority of our Class A units of membership interest prior to the redemption of those units in October 2010. The compensation for our other named executive officers was established by our chief executive officer, with the input of representatives of BGCP, and was principally based on BGCP s representatives recommendations, our chief executive officer s assessment of our operating performance in fiscal 2009 and the individual named executive officer s performance of his duties and the BGCP representatives understanding of compensation of executive officers in comparable positions at other companies operating within our business sector. In setting the total compensation of our named executive officers in 2010, we did not engage in benchmarking or specifically compare our named executive officers total compensation to the total compensation of employees in comparable positions with comparable companies.

Upon the listing of our common stock on The NASDAQ Global Market, we will establish a compensation committee of our board of directors. This committee, which will consist solely of directors that are independent under the rules and regulations of the SEC and The NASDAQ Stock Market, will have overall responsibility for the compensation program for our named executive officers.

Compensation Philosophy and Objectives

Presently, the principal objectives of our named executive officer compensation program are to attract and retain highly-qualified executives by providing total compensation for each position that our board of directors and chief executive officer believe is competitive within our business sector. We also seek to provide appropriate incentives for our named executive officers to achieve performance metrics related to our company-wide performance and the individual s relevant performance goals. Finally, through the issuance of equity-based incentives, we seek to retain our key employees and reward performance that enhances our long-term value.

Following the consummation of this offering, we expect that our compensation committee will maintain these principal objectives as the key components of our named executive officer compensation program. Accordingly, we believe that our compensation committee will strive to implement a compensation program that enables us to attract and retain high-quality leadership and to assure that our named executive officers are compensated in a manner consistent with stockholder interests, the policies adopted by the compensation committee, internal equity considerations, competitive practice and the requirements of appropriate regulatory bodies. In determining the relevant amounts of each of these components, we believe our compensation committee will adopt a compensation program that consists of a mix of compensation that is:

- *Performance-based:* A significant component of compensation should be determined based on whether or not our named executive officers meet performance criteria that are aligned with growth in stockholder value without engaging in unreasonable risk-taking.
- *Competitive:* Pay-for-performance scales will be established to ensure that the competitive positioning of an executive s total compensation reflects the competitive positioning of our performance (i.e., the better our

performance relative to peers, the higher total compensation payable to a named executive officer relative to competitive benchmarks, and *vice versa*).

- *Balanced:* Performance-oriented features and retention-oriented features should be balanced so that the compensation program accomplishes our pay-for-performance and executive retention objectives, while encouraging prudent risk-taking that is aligned with our overall strategy.
- *Fair:* Compensation levels and plan design should reflect competitive practices, our performance relative to peer companies and the relationship of compensation levels from one executive to another.

Principal Components of Our Compensation Packages

Taking into account the above-described objectives, historically we have focused on designing a compensation package that consists of two primary elements: (i) base salary and (ii) performance-based, annual cash incentive awards. We have also awarded our named executive officers, when hired, promoted or both, equity interests in our company that vest on a pro-rata basis over a four-year period. We expect that, following the consummation of this offering, our compensation committee will continue to design a compensation package made up of base salaries, performance-based, annual cash incentive awards and equity-based awards consisting of a mix of time-based vesting stock options and restricted stock awards, together with performance-based restricted stock.

Components of Fiscal 2010 Compensation for Our Named Executive Officers

For our 2010 fiscal year, our named executive officers compensation consisted of the following principal components:

Base Salary. We provide our named executive officers with a base salary to compensate them for performing their daily responsibilities during the year. We believe that base salaries must be competitive based upon the named executive officer s scope of responsibilities and what we believe to be market rates of compensation for executives performing similar functions for comparable companies within our business sector. For fiscal 2010, the base salaries for our chief executive officer and vice chairman were established through negotiations between those executives and representatives of BGCP, the holder of a majority of our Class A units prior to the redemption of those units in October 2010. The fiscal 2010 base salaries for our named executive officers other than our chief executive officer and vice chairman were based on our chief executive officer s and BGCP s representatives assessment of our operating performance in fiscal 2009 and the individual named executive officer s performance of his duties during that year. In setting the base salaries of our named executive officers in 2010, we did not engage in benchmarking or specifically compare our named executive officers base salaries to the base salaries of employees in comparable positions with comparable companies. Our named executive officers, other than Messrs. C. Pappas and J. Pappas, have had their performance reviewed periodically, and have been eligible for merit-based base salary increases as a result of these reviews. Taking all of these factors into account, our named executive officers received the following base salaries for the 2010 fiscal year:

Name	2010 Base Salary	Percentage Increase Over Prior Year
Christopher Pappas	$ 400,000	0%
John Pappas	$ 400,000	0%
James Wagner	$ 227,458(1)	7.2%
Kenneth Clark	$ 242,500(2)	15.5%
Frank O Dowd	$ 218,500	3.0%

(1) Mr. Wagner s annual base salary was $218,500 for the first seven months of 2010. On August 1, 2010, Mr. Wagner s annual base salary increased to $240,000.
(2) Mr. Clark s annual base salary was $210,000 for the first two months of 2010. Effective as of March 1, 2010, Mr. Clark s annual base salary increased to $249,000.

Performance-Based, Annual Cash Incentive Compensation. To closely align our named executive officers compensation to our goals, we believe that a significant portion of a named executive officer s compensation should be incentive-based. Accordingly, we have utilized, and anticipate that we will continue to utilize following the consummation of this offering, an annual cash incentive program that provides our named executive officers with

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the opportunity to earn substantial cash incentive compensation for the achievement of annual goals related to both our performance and the executive officer s individual performance.

For 2010, each of Messrs. C. Pappas and J. Pappas were eligible to earn a performance-based cash incentive tied to our achieving at least a threshold level of EBITDA. Specifically, each individual was eligible to receive a cash payment equal to 25% of our EBITDA over $18.25 million, with a maximum award of $350,000. For 2010, each of Christopher Pappas and John Pappas received a cash incentive payment of $350,000. For fiscal 2010, we based each of the other named executive officers performance-based cash incentive award primarily on the achievement of company-wide targeted financial goals. Mr. Wagner s award was tied to our achieving revenue of $291.0 million and gross profits of $75.6 million. He also had an individual performance goal tied to the reorganization of our sales management by January 1, 2011. Mr. Clark s and Mr. O Dowd s awards were not tied specifically to any particular performance metric, but rather were determined in the discretion of our chief executive officer. Although the awards for Mr. Clark and Mr. O Dowd were not specifically tied to any particular performance metric, Mr. C. Pappas did consider our performance against budgeted revenue and gross profit targets of $291.0 million and $75.6 million, respectively, when determining the amount of incentive-based compensation to pay Messrs. Clark and O Dowd. Our chief executive officer has, and prior to our redemption of all of our then-issued Class A units, BGCP s representatives together with our chief executive officer had, a significant amount of discretion to pay the full amount of a targeted award or a smaller percentage thereof if we did not meet any of these targets or to reduce the amount of an award even if we achieved a specific target.

For our 2010 fiscal year, Mr. Wagner s performance-based cash incentive target award expressed as a percentage of his base salary was 50% of his $218,500 base salary for the first seven months of 2010 and 75% of his $240,000 base salary for the last five months of 2010. The percentage target for Mr. Clark was 50% of his increased annualized base salary of $249,000 and for Mr. O Dowd was 50% of his base salary of $218,500. As we achieved each of our budgeted performance targets for the 2010 fiscal year and as Mr. Wagner achieved his individual performance goals, each of Messrs. Wagner, Clark and O Dowd received his maximum target cash incentive payment. These payments were made on March 2, 2011. The amounts actually paid to Messrs. C. Pappas, J. Pappas, Wagner, Clark and O Dowd under the annual, performance-based cash incentive program, and the related target amounts, are set forth in the following table:

NAME	TARGET AWARD	ACTUAL AWARD
Christopher Pappas	$ 350,000	$ 350,000
John Pappas	$ 350,000	$ 350,000
James Wagner	$ 138,730	$ 138,730
Kenneth Clark	$ 124,500	$ 124,500
Frank O Dowd	$ 109,250	$ 109,250

Long-term Equity Incentive Compensation. In fiscal 2010 and prior years, we did not have a specific plan or arrangement under which our named executive officers were granted options or other equity awards. We did, however, from time-to-time award Class C units to our named executive officers. We issued these units, which do not have voting rights before or after vesting, as a retention tool and to include a component of long-term, performance-based equity compensation in our named executive officers total compensation. These awards were typically issued in connection with our hiring, and in the case of Mr. Clark, promoting, a named executive officer. In total, we have issued our named executive officers 2,083,333 Class C units of ownership interest. These awards, which were issued in 2007 and 2009, as described in the following table, vest 25% per year over the first four years following issuance:

NAME	GRANT DATE	NUMBER OF CLASS C UNITS ISSUED (1)
James Wagner	August 1, 2007	833,333
Kenneth Clark	July 31, 2007	200,000
	March 5, 2009	516,667
	June 16, 2009	116,667
Frank O Dowd	June 13, 2007	416,666

(1) In connection with the reorganization transaction, these units converted into common shares of The Chefs Warehouse, Inc., 169,193 shares of which were unvested restricted common stock as of the time of conversion at a conversion ratio of approximately 0.2942 shares of common stock per Class C unit. See the information under the caption Certain Relationships and Related-Party Transactions Reorganization Transaction.

The number of units issued to each individual was based primarily on a combination of internal pay equity considerations, job responsibilities, overall dilution of current ownership and our lack of any equity incentive compensation prior thereto. Each of the named executive officers made Section 83(b) elections under the Code in connection with these awards. The vesting of these awards will not accelerate upon the consummation of this offering.

In connection with this offering, we expect to adopt The Chefs Warehouse, Inc. 2011 Omnibus Equity Incentive Plan, or the Omnibus Plan. The Omnibus Plan will allow us to provide a variety of incentive awards (including annual and long-term incentive awards) to our named executive officers and other employees following completion of the offering. The Omnibus Plan will permit us to issue stock options, restricted stock units, restricted stock, stock appreciation rights, performance units, performance shares and cash incentive awards to eligible employees (including our named executive offers), directors and advisors, as determined by the compensation committee. For more details regarding this plan, see the information under the caption 2011 Omnibus Equity Incentive Plan beginning on page 73 of this prospectus.

Retirement Plans and Other Benefits. We believe that an important aspect of attracting and retaining qualified individuals to serve as executive officers involves providing health and welfare benefits as well as methods for those individuals to save for retirement. Accordingly, we provide our named executive officers with the following benefits:

- *Health Insurance.* We provide each of our named executive officers and their spouses and children the same health, dental and vision insurance coverage we make available to our other eligible employees. We pay both our portion and the executive s portion of the premiums for these benefits.

- *Disability Insurance.* We provide each of our named executive officers with disability insurance.

- *Retirement Benefits.* We do not provide pension arrangements or post-retirement health coverage for our named executive officers or employees; however, our named executive officers and other eligible employees are eligible to participate in our 401(k) defined contribution plan. Prior to our 2011 fiscal year we did not match employee contributions under our 401(k) plan. Beginning in 2011, we are making matching contributions for each of our employees, including our named executive officers, in an amount equal to 3% of the employee s contributions up to 6% of his or her base salary.

- *Nonqualified Deferred Compensation.* We do not currently provide any nonqualified defined contribution or other deferred compensation plans to any of our employees.

- *Perquisites.* In 2010, we provided certain personal-benefit perquisites to our named executive officers. Other than automobile allowances for certain of our named executive officers and a temporary housing allowance for Mr. O Dowd, the aggregate incremental cost to us of the perquisites received by each of the named executive officers in 2010 did not exceed $10,000. The cost of the perquisites provided to the named executive officers in 2010 is included in the Summary Compensation Table.

Employment Agreements, Letter Agreements and Severance Benefits

Employment Agreements. We have entered into an employment agreement with each of Christopher Pappas and John Pappas. Our agreement with Christopher Pappas provides for an annual base salary of $1,000,000 per year as well as reimbursement for a leased automobile. Although his employment agreement provides for a base salary of $1,000,000 annually, in 2006 Mr. C. Pappas s base salary was reduced to $400,000 with his consent. Mr. C. Pappas s annual base salary will be $750,000 for fiscal 2011 with his consent. This agreement does not have a stated expiration date, but rather is terminable by Mr. Pappas on 60 days notice and by us upon approval of a resolution by our board of directors. This employment agreement also includes a non-competition and non-solicitation provision, pursuant to which Mr. Pappas has agreed, among other things, that for two years following the termination of his employment with us, he will not (i) compete with us or our subsidiaries; (ii) induce an employee of ours to leave our employ; (iii) hire any of our senior executives or full-time sales professionals; or (iv) induce a customer or supplier of ours to cease doing business with us. If Mr. Pappas is terminated by us without cause under certain scenarios, the non-competition and non-solicitation provisions of his employment agreement expire as of the date of termination unless we exercise an option to extend those provisions for up to two years, in exchange for annual payments of $500,000 during those two years.

Our agreement with John Pappas provides for an annual base salary of $1,000,000 per year as well as reimbursement for a leased automobile. Although his employment agreement provides for a base salary of $1,000,000 annually, in 2006 Mr. J. Pappas s base salary was reduced to $400,000 with his consent.

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Mr. J. Pappas s annual base salary is presently $750,000 for fiscal 2011 with his consent. This agreement does not have a stated expiration date, but rather is terminable by Mr. Pappas on 60 days notice and by us upon approval of a resolution by our board of directors. This employment agreement also includes a non-competition and non-solicitation provision, pursuant to which Mr. Pappas has agreed, among other things, that, for two years following the termination of his employment with us, he will not (i) compete with us or our subsidiaries; (ii) induce an employee of ours to leave our employ; (iii) hire any of our senior executives or full-time sales professionals; or (iv) induce a customer or supplier of ours to cease doing business with us. If Mr. Pappas is terminated by us under certain scenarios, the non-competition and non-solicitation provisions of his employment agreement expire as of the date of termination unless we exercise an option to extend those provisions for up to two years, in exchange for annual payments of $500,000 during those two years.

Although the annual base salary for Messrs. C. Pappas and J. Pappas was increased to $750,000 in 2011, their total non-equity compensation in 2011 is expected to be comparable to their total non-equity compensation paid in 2010 after taking into account the $350,000 bonus payment that was made to each in 2010. In addition, upon consummation of this offering, Mr. J. Pappas s base salary will be $450,000 pursuant to the terms of the replacement employment agreement described below.

Description of Replacement Employment Agreements

We intend to enter into a replacement employment agreement with each of Christopher Pappas and John Pappas prior to consummation of this offering. The replacement employment agreements are expected to have a three-year term and will allow for the automatic extension of the term for successive one-year terms unless either party to the agreement elects not to renew at least 60 days prior to the end of the term. The agreements are expected to provide for an annual base salary of $750,000 for Mr. C. Pappas and an annual base salary of $450,000 for Mr. J. Pappas, an annual cash bonus opportunity for each to be determined by the Board of Directors (or a committee thereof) and the right of each to participate in our equity-based incentive plans. Additionally, the agreements will provide for four weeks of paid vacation annually, a monthly car allowance of $2,000 and participation in our employee benefit plans and programs for salaried employees to the extent permissible under such plans or programs.

The agreements are also expected to provide for severance benefits if either Mr. C. Pappas or Mr. J. Pappas is terminated by us without cause. Upon such a termination, the agreements will provide for the continued payment of base salary for one year from the date of termination and the right to receive any bonus that has been earned but remains unpaid on the date of termination. The agreements also will include a non-competition and non-solicitation provision, pursuant to which the executive will agree, among other things, that for one year following the termination of his employment with us, he will not (i) compete with us or our subsidiaries; (ii) induce a customer or supplier of ours to cease doing business with us or (iii) induce an employee of ours to leave our employ. For purposes of the replacement employment agreements, cause is expected to be defined as (i) engaging in willful misconduct that is injurious to our company or our affiliates or (ii) the embezzlement or misappropriation of our, or our affiliates , funds or property; provided that, no act, or failure to act, is to be considered willful unless done, or omitted to be done, not in good faith and without reasonable belief that the action or omission was in the best interest of our company.

Letter Agreements. On April 8, 2011, we entered into a letter agreement with James Wagner, our chief operating officer, which we modified on June 28, 2011. The letter agreement has no specific term and provides that Mr. Wagner is an at-will employee. Mr. Wagner s annual base salary under the letter agreement is $250,000 and he is eligible to participate in our annual, performance-based cash incentive program at a target of 100% of his base salary. In connection with entering into the letter agreement with Mr. Wagner, we agreed to issue him upon consummation of this offering restricted shares of our common stock equal to approximately 0.8% of our outstanding shares of common stock upon consummation of this offering, which will result in our incurring a non-cash compensation charge amortized over the life of the award. These shares will vest 50% upon grant and 12.5% per year for each of the first four years following the grant date. Any unvested portion of this award would vest immediately upon our termination of Mr. Wagner without cause or upon consummation of a change in control of our company.

On March 6, 2009, we entered into a letter agreement with Kenneth Clark, our chief financial officer. The letter agreement has no specific term and provides that Mr. Clark is an at-will employee. Mr. Clark s base salary under the letter agreement was initially $210,000. This amount was increased to $249,000 per year effective as of March 1, 2010. Pursuant to the terms of the letter agreement, Mr. Clark is eligible to participate in our annual, performance-based

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cash incentive program at a target of 50% of his annual base salary. Mr. Clark s letter agreement also provides that he is entitled to receive his base salary for a period of twelve months following his termination by us without cause.

We entered into a letter agreement, effective as of February 15, 2007, with Frank O Dowd, our chief information officer. The letter agreement has no specific term and provides that Mr. O Dowd is an at-will employee. Mr. O Dowd s annual base salary under the letter agreement was initially $200,000, which was subsequently increased to $218,500, and he is eligible to participate in our annual, performance-based cash incentive program at a target of 50% of his annual base salary. Mr. O Dowd s letter agreement also provides that he is entitled to receive his base salary for a period of six months following his termination by us without cause.

Neither Mr. Wagner s nor Mr. O Dowd s letter agreement defines cause. Mr. Clark s letter agreement defines cause as termination of employment by us due to (i) conviction of, or plea of, *nolo contendre*, with respect to any felony, or any act of fraud, embezzlement or dishonesty against us or any of our subsidiaries, or any act of moral turpitude or any conduct in which he engages during his employment that tends to bring us or any of our subsidiaries into substantial public disgrace or disrepute, (ii) the commission of any act or omission involving fraud with respect to us or any of our subsidiaries or in connection with any relationship between us or any of our subsidiaries and any customer or supplier, (iii) use of illegal drugs or repetitive abuse of other drugs or repetitive excess consumption of alcohol interfering with the performance of his duties, (iv) the gross negligence or willful misconduct in the performance of his duties with respect to us or any of our subsidiaries or (v) failure to follow the lawful directives of our president.

Other Severance Benefits. As described above, we have entered into letter agreements with each of Messrs. Clark and O Dowd pursuant to which we have agreed to pay these individuals severance benefits if they are terminated by us without cause. We have entered into a separate severance agreement with Mr. Wagner pursuant to which Mr. Wagner is entitled to receive his base salary for twelve months following our termination of his employment without cause, or, if earlier, until the date he begins employment with a new company or business; provided that Mr. Wagner provides the release described therein. Mr. Clark s agreement with us provides that we will pay him his base salary for twelve months following our termination of his employment without cause. Our agreement with Mr. O Dowd requires that we pay him his base salary for six months following our termination of his employment without cause.

Mr. Wagner s agreement defines cause as (i) willful refusal to perform, in any material respect, his duties or responsibilities for us; (ii) material breach of his Confidentiality, Non-Solicit, Non-Interference, Non-Compete and Severance Agreement with us; (iii) gross negligence or willful disregard in the performance of his duties or responsibilities; (iv) willful disregard, in any material respect, of any financial or other budgetary limitations applicable to Mr. Wagner; (v) the commission of any act or omission involving fraud with respect to us or our subsidiaries or any customer or supplier of ours that were established in good faith; or (vi) use of illegal drugs, repetitive abuse of other drugs or repetitive consumption of alcohol interfering with the performance of his duties.

In determining the length of the severance benefits that we would pay these named executive officers following their termination, we considered the need to be able to competitively recruit and retain talented executive officers who often times seek protection against the possibility that they might be terminated without cause or forced to resign without cause, particularly following a change of control. None of our named executive officers are entitled to receive single trigger cash payments upon a change in control involving us.

2011 Compensation

For 2011, the base salary for Messrs. C. Pappas and J. Pappas was increased to $750,000. They will not be eligible for any non-equity incentive plan compensation for 2011. As described above, upon consummation of this offering, Mr. J. Pappas s base salary will be $450,000. Mr. Wagner s annual base salary was increased to $250,000 in connection with his promotion to chief operating officer. The annual base salaries of Messrs. Clark and O Dowd are unchanged for fiscal 2011. Each of our named executive officers, other than Messrs. C. Pappas and J. Pappas, will be eligible to receive performance-based cash incentive payments in the first quarter of 2012 if we achieve performance targets related to our fiscal 2011 revenues, operating profit and EBITDA. The bonus target, expressed as a percentage of annual base salary, that Messrs. Clark and O Dowd are each entitled to receive is the same as the target for fiscal 2010, and Mr. Wagner s target is 100% of his annual base salary. In connection with our promoting Mr. Wagner to chief operating officer, we have agreed to award him an additional equity interest in our company equal to approximately 0.8% of our outstanding common stock upon consummation of this offering. This award, which will be issued upon consummation of this offering, vests 50% upon grant and 12.5% per year on each of the first four anniversaries following the grant date. Any unvested portion of this award would vest immediately upon our termination of Mr. Wagner without cause or upon consummation of a change in control of our company.

Tax and Accounting Implications

Deductibility of Executive Compensation. The accounting and tax treatment of particular forms of compensation have not, to date, materially affected our compensation decisions. Following the consummation of this offering, we expect that our compensation committee will consider the effect of accounting and tax treatment regarding executive compensation when making decisions regarding the amount and form of compensation that we will pay our named executive officers. For instance, we expect that our compensation committee will review and consider the deductibility of executive compensation under Section 162(m) of the Code, which generally disallows tax deductions to public companies for certain compensation in excess of $1,000,000 that is paid in any one tax year to certain of our most highly compensated employees. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements. We believe that the compensation paid under the Omnibus Plan, including any performance-based cash incentive compensation, should be fully deductible for federal income tax purposes. In certain situations, however, we may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for our named executive officers.

Accounting for Equity-Based Compensation. Accounting rules require that we expense equity-based compensation awards, including awards under the Omnibus Plan.

2010 Summary Compensation Table

The table below summarizes the compensation paid or accrued by us during the 2010 fiscal year for our chief executive officer, chief financial officer and each of our next three highest paid executive officers whose total compensation exceeded $100,000 for the 2010 fiscal year.