

Chefs' Warehouse Holdings, LLC

Form S-1/A

July 14, 2011

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As filed with the Securities and Exchange Commission on July 14, 2011

Registration No. 333-173445

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Amendment No. 3
to
Form S-1**

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

CHEFS WAREHOUSE HOLDINGS, LLC
(Exact name of registrant as specified in its charter)

Delaware
*(State or Other Jurisdiction
of Incorporation or Organization)*

5141
*(Primary Standard Industrial
Classification Code Number)*

20-3031526
*(I.R.S. Employer
Identification No.)*

**100 East Ridge Road
Ridgefield, Connecticut 06877
(203) 894-1345**
*(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)*

**Christopher Pappas
President and Chief Executive Officer
100 East Ridge Road
Ridgefield, Connecticut 06877
(203) 894-1345**
*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

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If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
 (Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common stock, \$0.01 par value per share	9,200,000	\$16.00	\$147,200,000	\$17,089.92

(1) Includes 1,200,000 shares of common stock issuable upon exercise of an option to purchase additional shares granted to the underwriters.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended, based on an estimate of the proposed maximum aggregate offering price.

(3) \$11,610 of this fee was previously paid on April 8, 2011.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

Chefs Warehouse Holdings, LLC, a limited liability company organized under the laws of Delaware, is the registrant filing this registration statement with the Securities and Exchange Commission. Prior to the effectiveness of this registration statement, Chefs Warehouse Holdings, LLC will be converted into a corporation organized under the laws of Delaware pursuant to Section 18-216 of the Delaware Limited Liability Company Act and Section 265 of the Delaware General Corporation Law. The securities issued to investors in connection with this offering will be common stock in that corporation, which will be named The Chefs Warehouse, Inc.

The Chefs Warehouse, LLC, a Delaware limited liability company and an indirect, wholly-owned subsidiary of Chefs Warehouse Holdings, LLC, is not the registrant under this registration statement. Prior to the consummation of this offering, we expect that its name will be changed to The Chefs Warehouse Mid-Atlantic, LLC.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED JULY 14, 2011

PRELIMINARY PROSPECTUS

8,000,000 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 3,333,333 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. We expect the initial public offering price to be between \$14.00 and \$16.00 per share. We have applied to list our common stock 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	\$	\$
Underwriting Discounts and Commissions	\$	\$
Proceeds to The Chefs Warehouse, Inc. Before Expenses	\$	\$
Proceeds to Selling Stockholders Before Expenses	\$	\$

Delivery of the shares of common stock is expected to be made on or about _____, 2011. The selling stockholders have granted the underwriters an option for a period of 30 days to purchase an additional 1,200,000 shares of our

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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 \$ and the total proceeds to the selling stockholders, before expenses, will be \$.

Jefferies

BMO Capital Markets

Wells Fargo Securities

BB&T Capital Markets

Canaccord Genuity

Prospectus dated , 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.

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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.

Prior to the effectiveness of this registration statement, we will convert 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. This prospectus assumes the completion of the conversion and related transactions, as a result of which all membership interests of Chefs Warehouse Holdings, LLC held by our investors will be converted into shares of common stock of The Chefs Warehouse, Inc. 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.

Unless the context otherwise requires or indicates, the information set forth in this prospectus assumes that (1) the underwriters over-allotment option is not exercised and (2) the common stock to be sold in this offering is sold at \$15.00 per share, which is the midpoint of the price range indicated on the cover page of this prospectus.

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

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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 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

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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 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

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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.

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

Prior to the effectiveness of this registration statement, we will complete a transaction in which we will convert Chefs Warehouse Holdings, LLC into The Chefs Warehouse, Inc. Specifically, immediately prior to the time at which the registration statement of which this prospectus is part is declared effective, Chefs Warehouse Holdings, LLC, a Delaware limited liability company, will convert into The Chefs Warehouse, Inc., a Delaware corporation, and the members of Chefs Warehouse Holdings, LLC will receive shares of our common stock in exchange for their membership interests in Chefs Warehouse Holdings, LLC.

We will issue 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 will receive 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 issue in the reorganization transaction, 445,057 shares will be restricted shares of our common stock issued upon conversion of our Class C units that have not vested as of the date we consummate the reorganization transaction.

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;

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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;

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.

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The Offering

Common stock offered by us	4,666,667 shares
Common stock offered by the selling stockholders	3,333,333 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 1,200,000 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 estimate the net proceeds to us from this offering will be approximately \$63.1 million, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, based upon an assumed initial offering price of \$15.00 per share, which is the midpoint of the range set forth on the cover page of this prospectus. 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

We have applied to have our common stock listed 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.

Prior to the effectiveness of this registration statement, we will convert 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⁾		
	DECEMBER 31, 2010	DECEMBER 31, 2009	DECEMBER 31, 2008	MARCH 25, 2011	MARCH 25, 2010	FISCAL YEAR ENDED DECEMBER 31, 2010	THREE MONTHS ENDED 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			THREE MONTHS ENDED	
	DECEMBER 31, 2010	DECEMBER 25, 2009	DECEMBER 26, 2008	MARCH 25, 2011	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 is expected to occur prior to the effectiveness of this registration statement, (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

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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

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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