

September 6, 2011

Chefs' Warehouse

(CHEF-NASDAQ)

Food Retail

Stock Rating: Outperform
Industry Rating: Market Perform

Karen Short
 BMO Capital Markets Corp.
 212-885-4123
 karen.short@bmo.com

Ryan J. Gilligan
 212-885-4124
 ryan.gilligan@bmo.com

A Long Runway for Growth

Investment Thesis

We are initiating coverage on Chefs' Warehouse with an **OUTPERFORM** rating and a \$16 price target. Our rating and price target are based on our belief that Chefs' Warehouse should trade at a premium to Sysco given the stronger top-line growth, but at a discount to United Natural Foods given the lack of visibility on the top line, as well as the lack of geographic diversification. We like the story for several reasons: 1) the industry is extremely fragmented and Chefs' Warehouse is well positioned to play a dominant role in industry consolidation; 2) Chefs' Warehouse has significant opportunity to expand in existing markets with very little capital investment required; 3) ROIC is high at 24.3% – and will likely increase as capacity utilization outside of the Bronx increases; 4) the stock has significantly underperformed the peers and the S&P since the IPO; and 5) free cash flow yield – at ~8% by FY13 (but lower in 2012 owing to the Bronx relocation) – will be allocated to acquisitions as well as debt reduction. CHEF is trading at a FY12 (ending December 2012) EV/EBITDA of 8.1x – an 11% premium to SYY and a 13% discount to UNFI – and FY12 P/E of 13.7x.

Forecasts

We initiate our 3Q11EPS at \$0.19. For FY2011 and FY2012, we introduce our EPS estimates at \$0.77 and \$0.99, respectively.

Valuation

Our \$16 price target values CHEF at FY2011 and FY2012 EV/EBITDA of 12.5x and 9.4x, respectively.

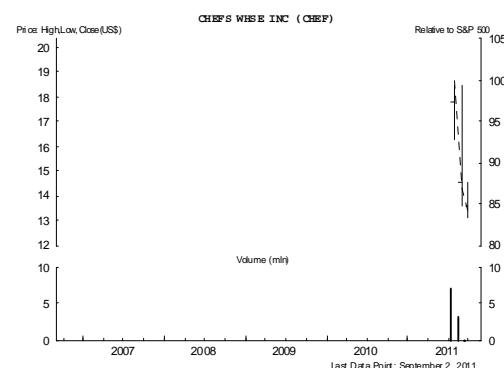
Recommendation

We are initiating coverage of CHEF with an **OUTPERFORM** rating.

Securities Info

Price (2-Sep)	\$13.56	Target Price	\$16
52-Wk High/Low	\$19/\$14	Dividend	--
Mkt Cap (mm)	\$299	Yield	--
Shs O/S (mm, BASIC)	22.0	Float O/S (mm)	10.4
Options O/S (mm)	na	ADVol (30-day, 000s)	399

Price Performance



Valuation/Financial Data

(FY-Dec.)	2009A	2010A	2011E	2012E
EPS Pro Forma	\$0.43	\$0.76	\$0.77	\$0.99
P/E			17.6x	13.7x
First Call Cons.				
EPS GAAP	\$0.43	\$0.76	\$0.77	\$0.99
FCF	na	na	na	na
P/FCF				
EBITDA (\$mm)	\$15	\$24	\$30	\$38
EV/EBITDA			11.2x	8.9x
Rev. (\$mm)	\$271	\$330	\$391	\$431
EV/Rev			0.9x	0.8x
Quarterly EPS	1Q	2Q	3Q	4Q
2010A	\$0.07	\$0.22	\$0.21	\$0.26
2011E	\$0.13A	\$0.20A	\$0.19	\$0.26
Quarterly EBITDA	1Q	2Q	3Q	4Q
2010A	\$3.5	\$6.3	\$6.7	\$7.2
2011E	\$4.7A	\$7.6A	\$7.5	\$9.8

Balance Sheet Data (na)

Net Debt (\$mm)	\$35	Total Debt/EBITDA	na
Total Debt (\$mm)	na	EBITDA/IntExp	na
Net Debt/Cap.	na	Price/Book	#DIV/0!

Notes: All values in US\$.

Source: BMO Capital Markets estimates, Bloomberg, FactSet, Global Insight, Reuters, and Thomson Financial.

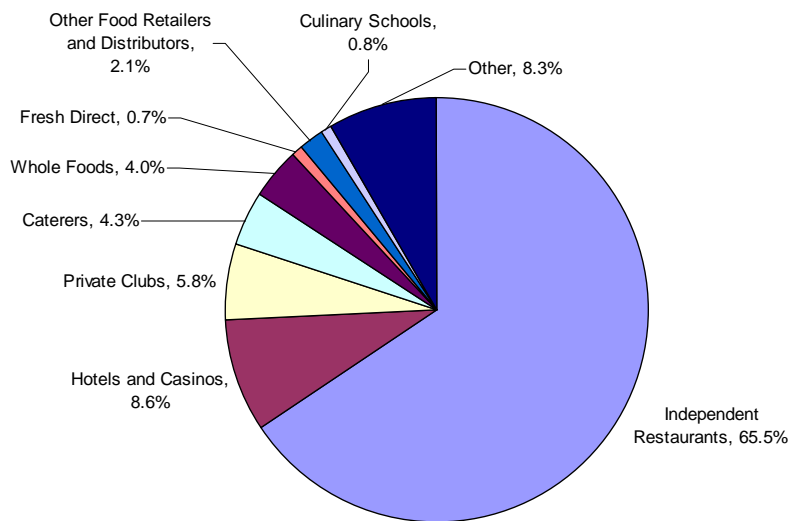
Company Description

Company description. Ridgefield, Connecticut-based Chefs' Warehouse is a distributor of specialty food products to menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools, and specialty food stores. Reported sales in FY2010 were \$330.1 million. The company serves its 7,000 customer locations through six distribution centers in New York City (representing ~66% of sales, and ~80% of EBITDA in FY2010), Los Angeles, Washington D.C., San Francisco, Las Vegas, and Miami. Its distribution centers carry up to 11,500 specialty and broadline SKUs – 50% of which are imported.

- Specialty SKUs represent the majority of all SKUs offered to its customers. Examples include artisan charcuterie, specialty cheeses, unique oils and vinegars, hormone-free protein, truffles, caviar, and chocolate. Chefs' Warehouse competes on these SKUs with regional, specialty distributors.
- Broadline SKUs consist of more commoditized products such as cooking oils, butter, eggs, milk, and flour. Chefs' Warehouse competes on these products with other broadline foodservice distributors such as Sysco, U.S. Foodservice, and Performance Food Group.

Independent restaurants account for approximately 65.5% of sales, followed by hotels and casinos at 8.6% of sales.

Exhibit 1. Chefs' Warehouse Sales by Customer Type



Source: Company reports, BMO Capital Markets estimates.

In 2010, we estimate dairy accounted for approximately 24.5% of sales, followed by meat, seafood, and charcuterie at 18.1%. The company's penetration in cut protein and produce is currently very limited but represents an opportunity once the larger facility in the Bronx comes on line. Private label accounts for 15% of sales – although penetration in private label is much higher in dairy and butter.

Exhibit 2. Chefs' Warehouse Sales by Product Category

FY2010 % of Sales by Product Category	
Dairy (including cheese)	24.5%
Meat, Seafood, Charcuterie	18.1%
Oils, Shortening & Olive Oil	8.4%
Baking, Flour, Sugar	8.8%
Condiments	6.3%
Other	33.9%

Source: Company reports, BMO Capital Markets estimates.

Our Thesis

We are initiating coverage on Chefs' Warehouse with an **OUTPERFORM** rating and a \$16 price target. Our rating and price target are based on our belief that Chefs' Warehouse should trade at a premium to Sysco given the stronger top-line growth, but at a discount to United Natural Foods given the lack of visibility on the top line, as well as the lack of geographic diversification. We like the story for several reasons: 1) the industry is extremely fragmented and Chefs' Warehouse is well positioned to play a dominant role in industry consolidation; 2) Chefs' Warehouse has significant opportunity to expand in existing markets with very little capital investment required; 3) ROIC is high at 24.3% – and will likely increase as capacity utilization outside of the Bronx increases; 4) the stock has significantly underperformed its peers and the S&P since the IPO; and 5) free cash flow yield - at ~8% by FY13 (but lower in 2012 owing to the Bronx relocation) – will be allocated to acquisitions as well as debt reduction. CHEF is trading at a FY12 (ending December 2012) EV/EBITDA of 8.1x – an 11% premium to SYY and a 13% discount to UNFI – and FY12 P/E of 13.7x.

Valuation

We limited our valuation comparisons to Sysco and United Natural Foods. As of closing prices on September 2, 2011, CHEF was trading at an 11% premium to SYY's EV/EBITDA valuation, and a 13% discount to UNFI's EV/EBITDA valuation. For all three companies, we are using calendar 2012 EBITDA and EPS estimates. At our \$16 price target – we value CHEF at a FY12 EV/EBITDA of 9.4x and a P/E of 16.2x. SYY is currently trading at a calendar 2012 EV/EBITDA of 7.3x and a P/E of 12.8x. UNFI – at our \$41 price target – is valued at a FY12 EV/EBITDA of 10.4x and P/E of 21.1x. In addition, since July 28, 2011 – CHEF's first day of trading – the stock has significantly underperformed SYY, UNFI and the S&P500 – giving further credence to our **OUTPERFORM** rating. Please refer to Exhibit 6 for relative performance measures.

Exhibit 3. CHEF, SYU, and UNFI Valuation

	CHEF Current Valuation	SYU Current Valuation	UNFI Current Valuation
CY12 EV/EBITDA	8.1x	7.3x	9.3x
CY12 P/E	13.7x	12.8x	18.8x

Source: Company reports, BMO Capital Markets estimates.

Exhibit 4. CHEF Price Target Valuation

Chefs' Warehouse Price Target Valuation					
	2011E	2012E	2013E	2014E	2015E
Net Income	\$16.22	\$20.79			
EPS	\$0.77	\$0.99			
EBITDA	\$30	\$38			
EBITDAR	\$38	\$47			
Net Forward Debt	\$35	\$20			
Price Target	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00
Market Cap	\$335	\$336	\$336	\$336	\$336
EV	\$370	\$356	\$334	\$309	\$281
P/E	20.6x	16.2x	13.8x	11.7x	10.2x
EV/EBITDA	12.5x	9.4x	7.7x	6.2x	5.0x
EPS Growth	1.4%	27.8%	17.1%	17.8%	14.6%

Source: Company reports, BMO Capital Markets estimates.

Exhibit 5. CHEF Current Valuation and Free Cash Flow Yield

Chefs' Warehouse Current Valuation					
	2011E	2012E	2013E	2014E	2015E
Net Income	\$16.22	\$20.79			
EPS	\$0.77	\$0.99			
EBITDA	\$30	\$38			
EBITDAR	\$38	\$47			
Net Forward Debt	\$35.00	\$20			
Current Stock Price	\$13.56	\$13.56	\$13.56	\$13.56	\$13.56
Market Cap	\$284	\$285	\$285	\$285	\$285
EV	\$319	\$305	\$283	\$258	\$230
P/E	17.5x	13.7x	11.7x	9.9x	8.7x
EV/EBITDA	10.8x	8.1x	6.5x	5.1x	4.1x
EPS Growth	1.4%	27.8%	17.1%	17.8%	14.6%

Chefs' Warehouse Free Cash Flow					
	FY11	FY12	FY13	FY14	FY15
EBITDA	\$30	\$38			
Interest	\$1	\$1			
Taxes	\$10	\$14			
Capex	\$2	\$8	\$5	\$6	\$7
FCF	\$16.5	\$15.2	\$21.7	\$24.9	\$27.8
FCF Per Share	\$0.79	\$0.73	\$1.03	\$1.18	\$1.32
FCF Yield	5.8%	5.3%	7.6%	8.7%	9.8%

Source: Company reports, BMO Capital Markets estimates.

CHEF Stock Has Significantly Lagged SYY, UNFI, and S&P500 Since the IPO

Exhibit 6. Stock Performance vs. SYY, UNFI, and S&P500

	7/28/11	9/2/11	Return
CHEF	\$17.50	\$13.56	-23%
SYY	\$30.87	\$27.16	-12%
UNFI	\$42.48	\$38.27	-10%
S&P500	\$1,300.67	\$1,173.97	-10%

Source: Thomson ONE.

Premium to Sysco, Discount to United Natural Foods

Exhibit 8 highlights how Chefs' Warehouse compares to both Sysco and United Natural Foods on a range of metrics we view as relevant. The company's top line is clearly superior to Sysco's – but lack of visibility on the top line, as well as an overwhelming geographic exposure to the New York, New Jersey, and Connecticut markets pose some risk. In total, Chefs' Warehouse ranks favorably to Sysco on four metrics, similarly on six metrics, and worse on two metrics. Compared to United Natural Foods, Chefs' Warehouse ranks favorably on three metrics, similarly on six, and worse on four. Clearly some of these rankings are subjective – so our comments explain the thought process behind our rankings. In conclusion, we believe that our rating and price target accurately reflect these rankings.

Exhibit 7 below provides a more detailed analysis on some of the peer metrics discussed for our rankings.
















Exhibit 7. Peer Comparison

Criteria	CHEF*	SYY*	UNFI*
CY12 EV/EBITDA	8.1x	7.3x	9.3x
CY12 P/E	13.7x	12.8x	18.8x
LTM Debt/EBITDAR	2.4x	1.1x	2.1x
LTM EBITDA Margins	7.3%	5.9%	3.7%
LTM Revenue Growth	20.7%	5.6%	20.4%
LTM EBITDA Growth	NA	-0.8%	11.5%
Salespeople	132	8,000	4,300
Cases Shipped (millions)	14	1,300	228
Revenue/Case	\$26.1	\$30.2	\$19.1
Revenue/Salesperson (\$ mill)	\$2.72	\$4.92	\$1.01
ROIC	24.3%	22.6%	13.2%

* Valued using closing price as of Sept. 2, 2011

Source: Company reports, BMO Capital Markets estimates.

Exhibit 8. Key Metric Comparison: Chefs' Warehouse vs. Sysco and United Natural Foods

CHEF Key Metrics vs. Sysco and United Natural Foods			
Criteria	vs. SY Y	vs. UNFI	Comments
Total Top Line Growth		Similar	CHEF's LTM revenues increased 20.7%, in line with UNFI's while SY Y's grew 5.6%. Going forward, both CHEF and UNFI can generate 10% top line growth, while SY Y's top line is forecasted to increase a more modest 5%.
Visibility on Top Line			SY Y customers consist of many, large, public chain restaurants. WFM accounts for 36% of UNFI's sales and is growing the top line at ~15%. CHEF's customers are largely privately owned so top line visibility is limited.
Industry Growth	Similar		The natural and organic industry is growing in the mid-single digits. Independent restaurants are declining in numbers.
Geographic Diversification			NYC/NJ/CT will account for 80% of CHEF's EBITDA in 2011.
EBITDA Margins			CHEF's LTM EBITDA margins were 7.3% versus SY Y at 5.9% and UNFI at 3.7%.
ROIC			CHEF's ROIC is significantly higher than UNFI and slightly higher than SY Y. The high ROIC at CHEF is partially a function of the high productivity of the Bronx facility.
Pricing Power		Similar	Given the fragmented nature of the restaurant industry and CHEF's unique, specialty offering, we believe pricing power is more prevalent at CHEF vs. SY Y.
Acquisition Opportunities	Similar	Similar	We believe all three companies are equally well-positioned (with equally strong balance sheets) to make acquisitions in extremely fragmented industries.
Competing Bidders for Acquisitions	Similar	Similar	We believe the strength of all three distributors' balance sheets provides similar advantages in bidding for assets.
Margin Expansion Opportunities	NA*	Similar	We believe UNFI's margin expansion opportunity is similar to CHEF's with the roll-out of many, ongoing operational efficiency initiatives.
Capacity Constraints	Similar	Similar	Both UNFI and CHEF can significantly increase revenues with existing facilities. Sysco's industry growth rate is much lower, so capacity is less of a concern.
Customer Diversification	Similar		Whole Foods accounts for ~36% of UNFI's sales - and while clearly well-positioned, does add some diversification risk to the UNFI story.
Customer Loyalty/Stickness	Similar		We believe independent restaurants use a wide range of suppliers and place limited loyalty with any one supplier. UNFI's customer base is stickier due to contract terms and transition risk.
Summary			
	vs. SY Y	vs. UNFI	
Total Better 	4	3	
Total Similar	6	6	
Total Worse 	2	4	

* We do not cover Sysco so we are unable to comment on margin expansion opportunities

Source: Company reports, BMO Capital Markets estimates.

A Long Runway for Growth: Longer-Term Growth Potential Outweighs Risk of Near-Term Slow Down

Using the Bronx facility's capacity utilization as a proxy for potential sales at the rest of the distribution centers, we estimate Chefs' Warehouse could reach total sales of \$839 million without incremental capital expenditures. Exhibit 9 below details current regional revenue and EBITDA contributions, as well as sales per square foot.

Exhibit 9. Regional Sales and EBITDA Contribution

Facility	Sq ft	Sales in 2011	Sales/sq ft	EBITDA Margins	EBITDA	% Of EBITDA	% of Sales
The Bronx	175,000	\$259	\$1,478	9%	\$24.3	80%	66%
Hanover, Maryland	55,200	\$46	\$824	5%	\$2.3	8%	12%
Miami, Florida	10,000	\$8	\$800	4%	\$0.3	1%	2%
Los Angeles, California	80,000	\$42	\$525	3%	\$1.4	5%	11%
Hayward, California	40,000	\$29	\$713	6%	\$1.6	5%	7%
Las Vegas, Nevada	11,440	\$9	\$743	3%	\$0.2	1%	2%
Consolidated	371,640	\$391	\$1,052	8%	\$30.2	100%	100%

Source: Company reports, BMO Capital Markets estimates.

Growing Share in Existing Markets

If we assume each facility can reach the same level of productivity as the Bronx facility – or sales per square foot in the \$1,480 range – we believe revenues at the facilities excluding the Bronx could reach \$321 million – more than double the current run rate. Exhibit 10 looks at current capacity utilization on sales per square foot, and potential sales assuming \$1,480 in sales per square foot at the other facilities. In Miami – we use 30,000 square feet for our potential sales calculation because the facility's expansion will be completed shortly.

Exhibit 10. Potential Sales Based on New York Productivity Levels

CHEF Facility	Total Sq. Ft.	FY11 Sales (\$ millions)	Current Sales per Square Foot	Potential Sales per Square Foot	Total Potential Sales (\$ millions)
Hanover, Maryland	55,200	\$46	\$824	\$1,480	\$82
Miami, Florida	10,000	\$8	\$800	\$1,480	\$44
Los Angeles, California	80,000	\$42	\$525	\$1,480	\$118
Hayward, California	40,000	\$29	\$713	\$1,480	\$59
Las Vegas, Nevada	11,440	\$9	\$850	\$1,480	\$17
Total Sales Ex New York		\$133			\$321

Source: Company reports, BMO Capital Markets estimates.

The new Bronx facility will have the capacity to double revenues in the New York, New Jersey, and Connecticut market. With this expansion, Chefs' Warehouse could reach total revenues of \$839 million without incremental capital expenditures. Exhibit 11 looks at total revenue potential with the expansion of the Bronx facility as well as the other five markets reaching their total sales potential.

Exhibit 11. Potential Sales With New Bronx Facility

CHEF Facility	Total Sq. Ft.	FY11 Sales (\$ millions)	Potential Revenues (\$ millions)
New York, NY	175,000	\$259	\$518
Hanover, Maryland	55,200	\$46	\$82
Miami, Florida	10,000	\$8	\$44
Los Angeles, California	80,000	\$42	\$118
Hayward, California	40,000	\$29	\$59
Las Vegas, Nevada	11,440	\$9	\$17
Total		\$391	\$839

Source: Company reports, BMO Capital Markets estimates.

Market Analysis Supports our Potential Revenue Estimates

Given our estimates for total sales potential in existing markets, we decided to analyze each market using population and income levels to see if, in fact, our estimates for Chefs' Warehouse revenue potential were realistic. We use the New York market as a benchmark for this analysis. By our estimate, the broader New York market has a population of 4.29 million people earning in excess of \$150,000 in annual income. We assume this is the target market for the "fancy" and "family dining" crowd, although we acknowledge we are probably underestimating the size of the market. Our analysis tells us Chefs' Warehouse revenues in the New York market will reach \$60.30 per person (\$259 million total sales in the tri-state area) in 2011 for the >\$150,000 population.

Exhibit 12. New York Market Sales per Person

New York Distribution Center "Boston to Atlantic City"	
Metropolitan Area	Population
NYC	18,943,700
Newburgh-Poughkeepsie	681,400
Bridgeport-Stamford	913,700
New Haven	858,300
Hartford	1,207,000
Boston	4,543,000
Atlantic City	275,900
Total Population	27,423,000
% Earns > \$150,000	15.6%
Addressable Population	4,291,043
FY11E NY Sales	\$259 mm
NY Sales per Person	\$60.27

Source: U.S. Census, Metro Market Studies, BMO Capital Markets estimates.

Using this base revenue per person in the >\$150,000 income demographic, we looked at Chefs' Warehouse five remaining markets to determine sales potential assuming similar levels of penetration. For population, we use both U.S. Census and Metro Market Studies data. Our findings are summarized in Exhibit 13. We estimate total dollar sales could reach \$516 million (versus estimated capacity of \$321 million). Our \$516 million estimate is also very conservative because population estimates for vacation destinations (e.g., Las Vegas and Miami) consider only full-time residents, and so are significantly understated.

Exhibit 13. Potential Sales in Existing Markets

Washington D.C. Distribution Center "Philadelphia to Richmond"		Miami Distribution Center "Miami"	
Metropolitan Area	Population	Metropolitan Area	Population
Philadelphia	5,912,000	Miami	5,625,000
Washington DC	5,572,600		
Baltimore	2,702,000		
Richmond	1,258,300		
Total Population	15,444,900	Total Population	5,625,000
% Earns > \$150,000	21.9%	% Earns > \$150,000	9.1%
Addressable Population	3,383,733	Addressable Population	514,382
NY Sales per Person	\$60.27	NY Sales per Person	\$60.27
Potential Sales	\$204 mm	Potential Sales	\$31 mm

Los Angeles Distribution Center "Santa Barbara to San Diego"		San Francisco Distribution Center "Napa Valley to Monterey Bay"	
Metropolitan Area	Population	Metropolitan Area	Population
Los Angeles	13,312,000	San Francisco	4,277,100
Riverside-San Bernardino	4,366,400	San Jose	1,858,100
San Diego	2,986,400	Modesto	528,900
Oxboard-Ventura	821,900	Vallejo-Fairfield	424,000
Santa Barbara	409,800	Salinas	419,600
		Merced	260,400
		Santa Cruz	254,400
		Napa	132,600
Total Population	21,896,500	Total Population	8,155,100
% Earns > \$150,000	13.1%	% Earns > \$150,000	20.0%
Addressable Population	2,869,780	Addressable Population	1,627,994
NY Sales per Person	\$60.27	NY Sales per Person	\$60.27
Potential Sales	\$173 mm	Potential Sales	\$98 mm

Las Vegas Distribution Center "Las Vegas"	
Metropolitan Area	Population
Las Vegas	1,964,600
Total Population	1,964,600
% Earns > \$150,000	8.2%
Addressable Population	161,366
NY Sales per Person	\$60.27
Potential Sales	\$10 mm

Source: U.S. Census, Metro Market Studies, BMO Capital Markets estimates.

As detailed in Exhibit 14 – if the remaining five facilities reached the productivity of the New York facility, sales could reach \$321 million – reasonable in our view because we estimate the market is at least \$516 million, and we know we are significantly understating the size of the Las Vegas and Miami markets.

Exhibit 14. Summary of Estimated Market Potential

CHEF Facility	FY11 Sales (\$ millions)	Maximum Sales Based on Current Capacity (\$millions)	Estimated Market Potential (\$ millions)
Hanover, Maryland	\$46	\$82	\$204
Miami, Florida*	\$8	\$44	\$31
Los Angeles, California	\$42	\$118	\$173
Hayward, California	\$29	\$59	\$98
Las Vegas, Nevada*	\$9	\$17	\$10
Total	\$133	\$321	\$516

*The estimated market potential in Las Vegas and Miami are severely understated because of our use of U.S. Census population estimates which exclude tourists.

Source: Company Reports, BMO Capital Markets estimates.

New Market Revenue Potential Is at Least \$270 Million

The methodology for our analysis of sales potential for new markets is similar to our analysis of existing markets. We identified Boston, Dallas, Chicago, Atlanta, and Houston as markets with sufficient concentration of the menu-driven restaurants that are needed to support a market-entry. We use the same \$60.30 per person with incomes over \$150,000 in each market. Based on this analysis, new markets could add an incremental \$270 million in revenues.

Exhibit 15. Potential Sales in New Markets

Boston		Dallas	
Metropolitan Area	Population	Metropolitan Area	Population
Boston	4,543,000	Dallas	6,493,000
Providence, RI	1,611,500		
Portland, ME	518,600		
Manchester, NH	408,600		
Total Population	7,081,700	Total Population	6,493,000
% Earns > \$150,000	15.9%	% Earns > \$150,000	10.4%
Addressable Population	1,123,376	Addressable Population	674,491
NY Sales per Person	\$60.27	NY Sales per Person	\$60.27
Potential Sales	\$68 mm	Potential Sales	\$41 mm

Chicago		Atlanta		Houston	
Metropolitan Area	Population	Metropolitan Area	Population	Metropolitan Area	Population
Chicago	9,801,800	Atlanta, GA	5,629,900	Houston	6,045,500
		Birmingham, AL	1,158,200		
		Greenville, SC	634,800		
		Chatoonga, TN	519,000		
		Montgomery, AL	390,200		
		Savannah, GA	348,000		
Total Population	9,801,800	Total Population	8,680,100	Total Population	6,045,500
% Earns > \$150,000	11.5%	% Earns > \$150,000	10.9%	% Earns > \$150,000	10.8%
Addressable Population	1,131,743	Addressable Population	942,184	Addressable Population	654,309
NY Sales per Person	\$60.27	NY Sales per Person	\$60.27	NY Sales per Person	\$60.27
Potential Sales	\$68 mm	Potential Sales	\$57 mm	Potential Sales	\$39 mm

Source: U.S. Census Data, Metro Market Studies, BMO Capital Markets estimates.

Assuming similar levels of productivity as at the New York facility, we estimate the company would need to expand distribution center square footage by 184,000 to meet the \$270 million sales potential. Exhibit 16 on the next page summarizes our analysis.

Exhibit 16. Summary of New Market Sales Potential

Potential Market	Estimated Market Potential (\$ millions)	Sales per Square Foot	Estimated DC Size
Boston, Massachusetts	\$68	\$1,480	45,743
Dallas, Texas	\$41	\$1,480	27,465
Chicago, Illinois	\$68	\$1,480	46,084
Atlanta, Georgia	\$57	\$1,480	38,365
Houston, Texas	\$39	\$1,480	26,643
Total	\$273		184,301

Source: Company Reports, BMO Capital Markets estimates.

Historical Success With Acquisitions Gives Us Confidence Chefs' Warehouse Can Expand Successfully in New Markets

A key component of the company's growth strategy has been and likely will continue to be the pursuit of select acquisitions, and the company's integration track record gives us confidence the company can execute on additional acquisitions. The company entered the Washington D.C., San Francisco, and Miami markets through acquisitions, and in June 2011, Chefs' Warehouse completed a tuck-in acquisition of one of its smaller competitors in the New York market. The company's superior technology provides Chefs' Warehouse with a critical competitive advantage – facilitating seamless and immediate integration – usually within 24-48 hours of finalizing a transaction. Please see Exhibit 17 for a list of recent acquisitions and our estimates on acquisition multiples:

Exhibit 17. Historical Acquisitions

Closing Date	Company	Location	Sales	Purchase Price	Implied Sales Multiple
June 2011	Harry Wils & Co	New York	\$23.0 million	\$7.7 million	0.3x
June 2010	Monique & Me	Miami	\$8.0 million	\$3.7 million	0.5x
August 2009	European Imports	San Francisco	\$8.0 million	\$3.8 million	0.5x
May 2008	American Gourmet Foods	Washington D.C.	\$14.9 million	\$5.1 million	0.3x

Source: Company Reports, BMO Capital Markets estimates.

The foodservice distribution industry is fragmented and consolidating, which should provide Chefs' Warehouse with plenty of potential acquisition opportunities. Key markets that come to mind include Atlanta, Boston, Chicago, and Dallas. Criteria for new markets versus tuck-in acquisitions vary slightly and are detailed in Exhibit 18.

Exhibit 18. Acquisition Criteria

Acquisition Criteria	
New Market Opportunities	Tuck-in Opportunities
1. Located in an attractive geography, 2. Established customer list, 3. Strong competitive positioning, 4. Similar culture to Chefs' Warehouse, 5. Opportunities for growth and margin enhancement.	1. Complementary customer base, 2. Complementary product offering, 3. Attractive purchase price, 4. Similar culture to Chefs' Warehouse, 5. Opportunities for cross selling or margin enhancement.

Source: Company Reports, BMO Capital Markets estimates.

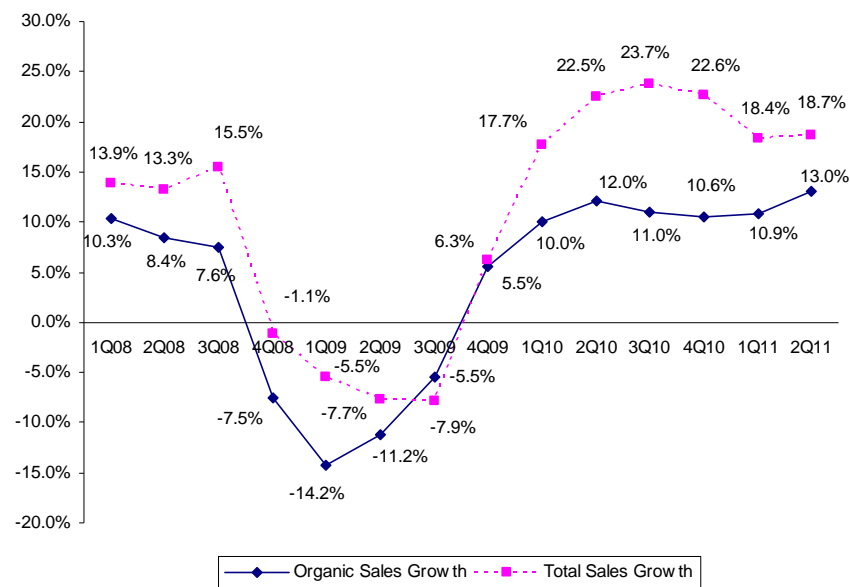
To some extent, the company's ability to make accretive acquisitions will be a function of acquisition multiples. Prior acquisitions have been extremely accretive – in part because acquisition multiples have been well below where CHEF is currently trading (1x) as a multiple of sales. We caution that CHEF's IPO provides sellers with some ammunition on where a specialty distributor should be valued – making future negotiations potentially a little more contentious.

Organic Growth Not Immune to Economic Slowdown

While we believe the current environment is unlikely to deteriorate by the same order of magnitude as the deterioration seen in 4Q08 through 3Q09, we do believe Chefs' Warehouse exposure to the tri-state area poses some risk. On the most recent conference call, the company indicated organic sales remained unchanged from the 13% run rate seen in 2Q11. However, 1) inflation/mix decelerated from 4.9% in 1Q11 to 3.3% in 2Q11 – while inflation remained unchanged – so the deceleration was entirely due to a decline in mix; and 2) the company experienced significant sales declines beginning in 4Q08 through 3Q09, coinciding with the deteriorating economic environment. Today, the high-end customer appears more or less unaffected, but if the current environment persists, it seems unlikely that Chefs' Warehouse will be unaffected.

Exhibit 19 below details the company's organic and total sales growth rates from 1Q08-2Q11. Beginning in 4Q08, organic sales deteriorated significantly and remained negative for four consecutive quarters. Today, we believe Chefs' Warehouse has significantly upgraded systems and technology to more rapidly identify changes in their customers' ordering patterns, so we believe a slowdown of the same 2008/2009 magnitude is unlikely, but caution that organic sales could still slow slightly given the current uncertainty in the environment.

Exhibit 19. Total and Organic Sales Growth



Source: Company reports, BMO Capital Markets estimates.

Chefs' Warehouse in More Detail

A long history of serving the New York market and a gradual, national expansion through select and accretive acquisitions culminated with the successful July 27, 2011 IPO. In 1985, Chefs' Warehouse (formerly known as Dairyland USA) was founded as a niche, specialty food provider to chefs in the New York metropolitan area. Since then, the company has grown to have a presence in six different markets. The company has completed multiple acquisitions in its history, with acquisitions in 1999 (Washington, D.C. market); 2005 (Los Angeles, San Francisco, and Las Vegas markets); 2007-2009 (San Francisco and Washington, D.C. markets); 2010 (Miami market); and 2011 (New York market). The company entered into a recapitalization transaction with BGCP – a private equity sponsor – in 2005, and having exited from private equity ownership in 2010, offered shares to the public in an IPO on July 27, 2011. Today, the company is well positioned to continue to gain share in an extremely fragmented market through its superior technology, strong balance sheet, broad geographic presence, and superior salesforce.

State of the art technology consists of:

- 1) A centralized ERP system (Oracle) for purchasing and financials.
- 2) A centralized, proprietary AS400 order-entry system for sales.
- 3) A new warehouse management system (BFC Dakota system), which was recently implemented at its New York facility. Highlights of the system include voice-pick technology, inbound scanning, and pallet and truck-building software. Chefs' Warehouse is currently implementing the system at its Washington D.C. facility, and management expects a company-wide rollout by 1Q12.
- 4) Roadnet logistics, a routing application used to dynamically route all trucks.
- 5) Geotab, an onboard GPS and truck diagnostic tool that assesses the vehicles' health and idle time, and the general performance of the drivers.

Geographic footprint provides competitive advantage. With a presence in New York, Los Angeles, Las Vegas, Miami, Washington, D.C., and San Francisco, Chefs' Warehouse is the only specialty foodservice distributor with a presence in multiple geographies and we believe this provides the company with a competitive advantage with better service levels, order accuracy, and more efficient routing, resulting in reduced inbound and outbound freight costs.

Chefs' Warehouse is uniquely positioned to serve the early adopters of culinary trends.

As a distributor to cutting edge and fine-dining restaurants in the country's leading culinary markets, Chefs' Warehouse is focused on sourcing unique, specialty products before they become mainstream culinary ingredients. As a result, the company has an unparalleled breadth and depth of specialty product offerings (e.g., Chefs' Warehouse offers more than 125 varieties of olive oil vs. a typical broadline distributor carrying only 5-10 different types of olive oil). The company's portfolio includes ~11,500 SKUs available to order, and 7,000 SKUs that are in-stock every day – a significantly broader offering than many of the smaller, private specialty distributors. The SKU offering will likely expand once the company moves into its new facility

in the Bronx. New opportunities for SKU expansion include cut proteins, produce, and an expanded frozen offering.

National presence and breadth of SKUs means Chefs' Warehouse is a critical route-to-market for specialty suppliers. Chefs' Warehouse sources product from more than 1,000 different suppliers, none of which accounts for more than 5% of Chefs' Warehouse's total purchases in a year. In some cases, Chefs' Warehouse provides a critical route-to-market for some of the smaller suppliers, and as a result, we believe Chefs' Warehouse is well positioned to obtain favorable terms with these suppliers. In some instances, Chefs' Warehouse is also able to lock-up exclusivity on some items from Italy, Spain, France and other Mediterranean countries – although Chefs' Warehouse generally remains committed to meeting the needs of the customer – so exclusivity arrangements would be arranged only if there were demand from the end-use customer.

The salesforce at Chefs' Warehouse (130-plus personnel) distinguishes itself from its competitors through its knowledge base and quality of service. The majority of sales professionals have some sort of a culinary background, either formal culinary training, degrees in culinary arts, or prior experience in the industry. In general, each salesperson is responsible for 50 customers, to maintain high levels of customer service, as evidenced in Exhibit 7 (page 5) comparing revenue per salesperson at Sysco, United Natural Foods, and Chefs' Warehouse. Salespeople are compensated on both commission and gross profit dollars.

Financial Forecasts

In 3Q11, we are looking for EPS of \$0.19 and EBITDA of \$7.5 million. Our estimate assumes total sales increase 13.5% to \$96.4 million, with gross margins declining 75bp to 25.2%. We forecast operating expenses (excluding D&A) grow 9.1% to \$16.8 million, a 70 bp year-over-year improvement in margin – leading to a 20 bp deterioration in operating margins to 7.2%, or \$6.9 million. This gets us to EBITDA of \$7.5 million, a 5 bp deterioration in margin to 7.8%. We assume interest expense of \$0.2 million, a 39.5% tax rate, and 21.1 million shares outstanding, which gets us to EPS of \$0.19.

In FY2011, our estimates for EPS and EBITDA are \$0.77 and \$29.7 million, respectively. Our estimate assumes total sales increase 18.3% to \$390.7 million, with gross margins improving 2 bp to 26.0%. We forecast operating expenses (excluding D&A) grow 15.9% to \$72.0 million, a 39 bp year-over-year improvement in margin – leading to a 49 bp improvement in operating margins to 7.0%, or \$27.4 million. This gets us to EBITDA of \$29.7 million, a 42 bp improvement in margin to 7.6%. We assume interest expense of \$1.2 million, a 39.1% tax rate and 20.9 million shares outstanding, which gets us to EPS of \$0.77.

In FY2012, we are looking for EPS of \$0.99 and EBITDA of \$37.7 million. Our estimate assumes total sales increase 12.5% to \$431.2 million, with gross margins expanding 30 bp to 26.3%. We forecast operating expenses (excluding D&A) grow 5.3% to \$75.8 million, an 85 bp year-over-year improvement in margin – leading to a 115 bp improvement in the operating margin, to 8.2%, or \$35.2 million. This gets us to EBITDA of \$37.7 million, a 115 bp

improvement in margin, to 8.7%. We assume interest expense of \$0.9 million, a 39.5% tax rate and 21.0 million shares outstanding, which gets us to EPS of \$0.99.

Chefs' Warehouse reported a 2Q11 EPS of \$0.17, or \$0.20 when using pro forma interest expense and a normalized tax rate. Adjusted EBITDA came in at \$7.6 million. Our EBITDA subtracts expenses associated with public company costs, and stock compensation, and excludes the benefit of the workers' compensation settlement and customs duty refund. Total sales increased 18.7% to \$99.3 million. Acquisitions contributed 2.0% to the top line and inflation/mix contributed 3.3%, and the remaining growth was organic. Gross margins increased 21 bp to 26.5%. Operating expenses (excluding D&A) grew 19.3% to \$18.7 million after excluding incremental public company costs (\$0.3 million), one-time stock compensation costs (\$0.12 million), one-time workers compensation trust settlement costs (\$0.13 million), and a one-time benefit from a customs duty refund (\$0.2 million). Operating margins increased 31 bp to 7.3%. Interest expense came in at \$3.3 million, but does not reflect the post-IPO capital structure, so we used a pro forma interest expense of \$0.4 million. We used a normalized tax rate of 39.6%, which gets us to EPS of \$0.20.

Management

Christopher Pappas, CEO. Mr. Pappas is a founder of the company, and has served as CEO since 1985 and chairman since March 2011. Prior to founding Chefs' Warehouse, Mr. Pappas played professional basketball in Europe for several years following his graduation from Adelphia University in 1981 with a Bachelor of Arts degree in Business Administration. Mr. Pappas currently oversees all business activities, with a focus on product procurement, sales, marketing, and strategy development.

Kenneth Clark, CFO. Mr. Clark has served in his current role since March 2009. From July 2007 to March 2009, Mr. Clark served as controller of Chefs' Warehouse. Prior to joining the company, Mr. Clark was vice president – controller at Credit Suisse Energy, LLC from June 2005 to July 2007. He has also held 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, COO. Mr. Wagner has served in his current role since March 2011. Prior to his promotion to COO, Mr. Wagner has served as executive vice president of marketing, business development and sales (for non-New York markets), and also as general manager of the Los Angeles market. Before joining Chefs' Warehouse in 2005, Mr. Wagner was the principal and co-founder of TrueChocolate, Inc., a chocolate manufacturing and processing start-up, and held positions at Clear!Blue Marketing and Jump Communications. Mr. Wagner earned a Bachelor of Arts degree from the University of California, Berkley.

Frank O'Dowd, chief information officer. Mr. O'Dowd has served in his current role since January 2007. Prior to joining Chefs' Warehouse, he was the chief information officer at GAF Materials Corporation, a North American roofing manufacturer, from June 1997 to April 2006. 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, executive vice president of human resources. Ms. Lecouras has served in her current role since January 2007. Prior to joining Chefs' Warehouse, she worked at GE Capital Commercial Finance where she was vice president, human resources from 2001 to 2007. Ms. Lecouras' prior professional experience also includes positions at Nine West Shoes (formerly known as Fischer Camuto Corporation) and Xerox. Ms. Lecouras's professional experience is multidisciplinary 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, legal services director. Mr. Aldous has served in his current role since March 2011. Prior to joining Chefs' Warehouse, 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

Christopher Pappas, chairman of the board. Mr. Pappas, CEO of Chefs' Warehouse, has served in this role since March 2011.

John Pappas, vice chairman of the board. Mr. Pappas, a founder of Chefs' Warehouse, has served as vice chairman of the board since March 2011. Prior to his current appointment, he served as chief operating officer of the company. He has more than 25 years of experience in logistics, facility management, and global procurement and oversees the company's network of distribution centers. Mr. Pappas is also active in the development of corporate strategy.

Dean Facatselis. Mr. Facatselis, a founder of Chefs' Warehouse, was appointed to the board of directors in January 2007. Prior to his current appointment, Mr. Facatselis served as chief financial officer of Chefs' Warehouse from 1985 to 2006. Mr. Facatselis is a certified public accountant, and graduated from Baruch College of the City University of New York, where he earned a Bachelor of Business Administration degree.

John A. Couri. Mr. Couri was appointed to the board of directors in July 2005. From 1983 to 1997, Mr. Couri was president and CEO of Duty Free International, a NYSE-listed public company that he co-founded in 1983. Mr. Couri also served as a member of the Listed Company Advisory Board of the NYSE from January 1993 to December 1995, and served as

chairman of the Board of Trustees of Syracuse University from May 2004 to May 2008. Additionally, Mr. Couri is the president of Couri Foundation, Inc., and president of the Ridgefield Senior Center Foundation, Inc. Mr. Couri graduated from Syracuse University with a Bachelor of Arts degree in Economics, with a minor in Business, and received an honorary doctorate degree from Syracuse University in 2008.

Kevin Cox. Mr. Cox was appointed to the board of directors prior to the IPO in July 2011. Since 2005, Mr. Cox has held the position of executive vice president of human resources at American Express Company, a global provider of payment solutions and travel-related services for consumers and businesses. Prior to joining American 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.

John Austin. Mr. Austin was appointed to the board of directors prior to the IPO in July 2011. 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 that 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 publicly traded foodservice distributor, from 1995 to 2009. Mr. Austin served his last six years at PFG as chief financial officer. Prior to joining PFG, Mr. Austin spent four years as the assistant controller for General Medical Corporation, a distributor of medical supplies. He also spent the first six years of his career in public accounting at Deloitte & Touche.

Stephen Hanson. Mr. Hanson was appointed to the board of directors prior to the IPO in July 2011. 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 more than 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 the not-for-profit organizations Publicolor and City Harvest. Mr. Hanson earned a business degree from New York University's Stern School of Business in 1976.

Other companies mentioned (priced as of the close on September 2, 2011):

United Natural Foods (UNFI, \$38.27, **MARKET PERFORM**)
Sysco (SYY, \$27.16, Not Rated)

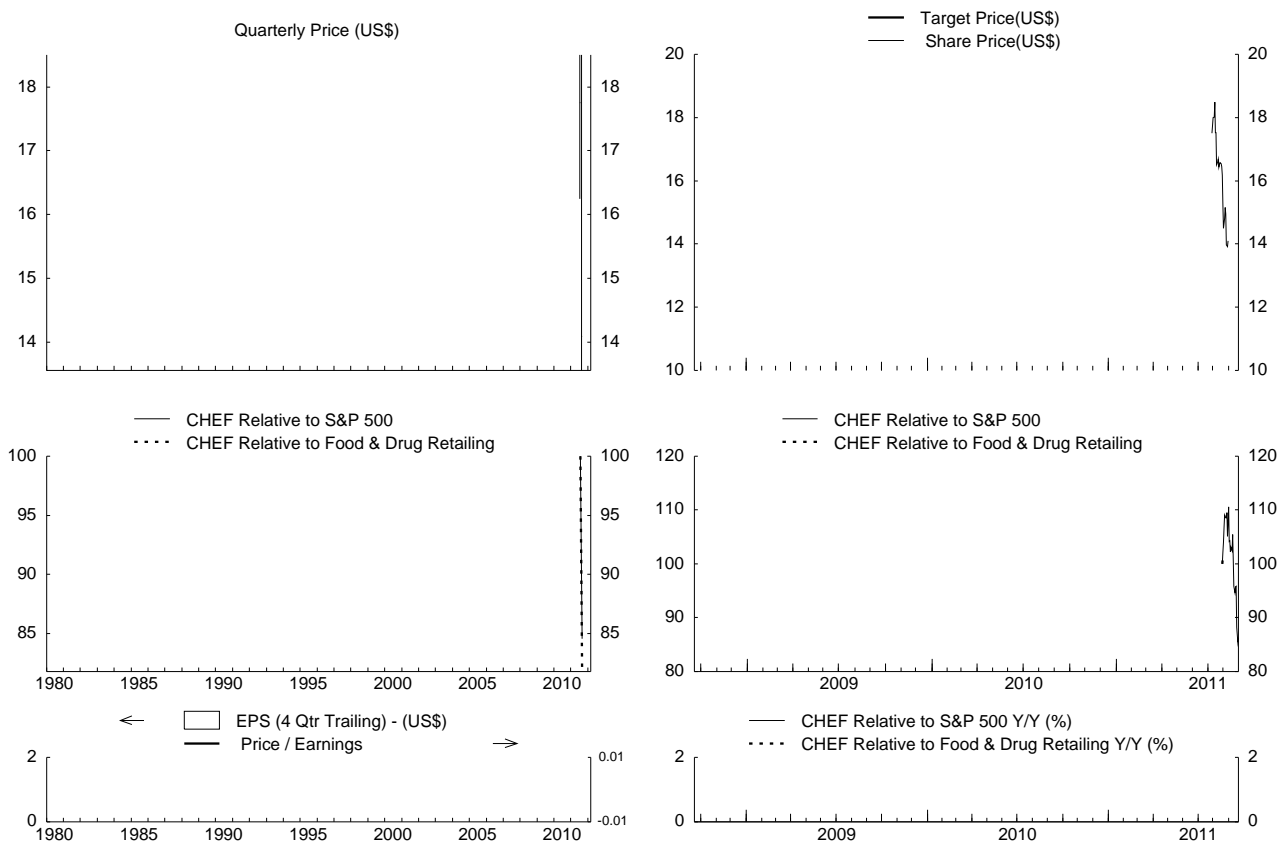
Chefs' Warehouse Income Statement														
	52 weeks 12/28/2007	52 weeks 12/26/2008	52 weeks 12/25/2009	3/26/2010	6/25/2010			52 weeks 12/24/2010	3/25/2011	6/24/2011		53 weeks 12/30/2011		
	2007	2008	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11	2Q11	3Q11E	4Q11E	2011E	2012E
Revenues	\$256.13	\$281.70	\$271.07	\$70.00	\$83.61	\$84.93	\$91.58	\$330.12	\$82.90	\$99.26	\$96.39	\$112.10	\$390.65	\$431.19
Cost of Goods	\$190.79	\$211.39	\$199.76	\$52.02	\$61.67	\$62.86	\$67.79	\$244.34	\$61.50	\$73.00	\$72.07	\$82.48	\$289.05	\$317.76
Gross Profit	\$65.35	\$70.32	\$71.31	\$17.98	\$21.94	\$22.06	\$23.79	\$85.78	\$21.40	\$26.26	\$24.32	\$29.63	\$101.60	\$113.44
D&A	\$1.94	\$1.99	\$1.92	\$0.46	\$0.50	\$0.41	\$0.73	\$2.10	\$0.60	\$0.39	\$0.61	\$0.61	\$2.21	\$2.44
Total Operating Expenses (Ex. D&A)	\$57.45	\$58.33	\$56.06	\$14.49	\$15.64	\$15.40	\$16.57	\$62.10	\$16.70	\$18.66	\$16.81	\$19.78	\$71.95	\$75.75
Total Operating Expenses (Incl. D&A)	\$59.39	\$60.31	\$57.98	\$14.953	\$16.14	\$15.81	\$17.31	\$64.21	\$17.30	\$19.05	\$17.42	\$20.39	\$74.16	\$78.19
Operating Income	\$5.96	\$10.00	\$13.33	\$3.03	\$5.80	\$6.25	\$6.48	\$21.57	\$4.10	\$7.20	\$6.90	\$9.23	\$27.43	\$35.24
EBITDA	\$7.90	\$11.99	\$15.25	\$3.49	\$6.31	\$6.66	\$7.21	\$23.68	\$4.70	\$7.60	\$7.51	\$9.84	\$29.65	\$37.68
Interest	\$3.52	\$3.24	\$2.82	\$0.63	\$0.51	\$0.47	\$2.43	\$4.04	\$0.40	\$0.42	\$0.20	\$0.20	\$1.22	\$0.88
Gain on Settlement	\$1.10													
Gain/Loss on Interest Rate Swap	-\$0.62	-\$1.12	\$0.66	\$0.18	\$0.25	\$0.23	\$0.25	\$0.91	\$0.40	\$0.00	\$0.00	\$0.00	\$0.40	\$0.00
Other									\$0.00					
Income Before Tax	\$2.92	\$5.65	\$11.17	\$2.59	\$5.54	\$6.01	\$4.31	\$18.44	\$4.10	\$6.79	\$6.70	\$9.03	\$26.62	\$34.37
Taxes	\$0.79	\$3.45	\$2.21	\$1.05	\$1.05	\$1.60	-\$1.13	\$2.57	\$1.50	\$2.69	\$2.65	\$3.57	\$10.40	\$13.57
Net Income	\$2.14	\$2.20	\$8.96	\$1.54	\$4.49	\$4.41	\$5.44	\$15.87	\$2.60	\$4.10	\$4.05	\$5.46	\$16.22	\$20.79
Tax Rate	26.9%	61.1%	19.8%	40.6%	19.0%	26.6%	-26.3%	13.9%	36.6%	39.6%	39.5%	39.5%	39.1%	39.5%
Basic EPS	\$0.11	\$0.11	\$0.44	\$0.08	\$0.22	\$0.22	\$0.26	\$0.78	\$0.13	\$0.20	\$0.20	\$0.27	\$0.80	\$1.00
Diluted EPS	\$0.10	\$0.11	\$0.43	\$0.07	\$0.22	\$0.21	\$0.26	\$0.76	\$0.13	\$0.20	\$0.19	\$0.26	\$0.77	\$0.99
Basic	20.32	20.32	20.32	20.12	20.16	20.45	20.54	20.32	20.12	20.12	20.45	20.54	20.31	20.80
Diluted	20.77	20.77	20.77	20.67	20.67	20.87	20.87	20.77	20.67	20.83	21.10	21.10	20.93	21.00
Growth														
Sales		10.0%	-3.8%	17.7%	22.5%	23.7%	22.6%	21.8%	18.4%	18.7%	13.5%	13.0%	18.3%	12.5%
Organic Sales growth		4.2%	-6.2%	10.0%	12.0%	11.0%	10.6%	10.9%	10.9%	13.0%	8%	7%		6%
Inflation - contribution to sales		n/a	-0.6%	4.6%	7.5%	9.0%	9.4%	7.8%	4.9%	3.3%	3%	3%		4%
Acquisitions - contribution to sales		5.8%	3.0%	3.0%	3.0%	3.7%	2.7%	3.1%	3.0%	2.0%	3%	3%		3%
Operating Expenses (Ex. D&A)		1.5%	-3.9%					10.8%	15.3%	19.3%	9.1%	19.4%	15.9%	5.3%
Operating Expenses (Incl. D&A)		1.6%	-3.9%					10.7%	15.7%	18.1%	10.2%	17.8%	15.5%	5.4%
Operating Income		67.9%	33.3%					61.8%	35.3%	24.1%	10.3%	42.4%	27.2%	28.5%
EBITDA		51.7%	27.2%					55.3%	34.5%	20.4%	12.8%	36.4%	25.2%	27.1%
Net Income		2.8%	308.1%					77.1%	69.0%	-8.7%	-8.1%	0.5%	2.2%	28.2%
EPS			308.1%					77.1%					1.4%	27.8%
Margins														
Gross	25.5%	25.0%	26.3%	25.7%	26.24%	25.98%	25.98%	26.0%	25.8%	26.45%	25.23%	26.43%	26.01%	26.31%
D&A	0.8%	0.7%	0.7%	0.7%	0.6%	0.5%	0.8%	0.6%	0.7%	0.4%	0.6%	0.5%	0.6%	0.6%
Operating Expenses (Ex. D&A)				20.7%	18.7%	18.1%	18.1%	18.8%	20.1%	18.8%	17.4%	17.6%	18.4%	17.6%
Operating Expenses (Incl. D&A)	23.2%	21.4%	21.4%	21.4%	19.3%	18.6%	18.9%	19.4%	20.9%	19.2%	18.1%	18.2%	19.0%	18.1%
Operating Income	2.3%	3.6%	4.9%	4.3%	6.9%	7.4%	7.1%	6.5%	4.9%	7.3%	7.2%	8.2%	7.0%	8.2%
EBITDA	3.1%	4.3%	5.6%	5.0%	7.5%	7.8%	7.9%	7.2%	5.7%	7.7%	7.8%	8.8%	7.6%	8.7%
Tax	26.9%	61.1%	19.8%	40.6%	19.0%	26.6%	-26.3%	13.9%	36.6%	39.6%	39.5%	39.5%	39.1%	39.5%
Net	0.8%	0.8%	3.3%	2.2%	5.4%	5.2%	5.9%	4.8%	3.1%	4.1%	4.2%	4.9%	4.2%	4.8%
Change in Margins														
Gross		-55bp	134bp					-32bp	12bp	21bp	-75bp	45bp	2bp	30bp
D&A		-5bp	0bp					-7bp	6bp	-20bp	15bp	-26bp	-7bp	0bp
Operating Expenses (Ex. D&A)									-55bp	10bp	-70bp	-45bp	-38bp	-85bp
Operating Expenses (Incl. D&A)		-178bp	-2bp					-194bp	-49bp	-11bp	-55bp	-71bp	-46bp	-85bp
Operating Income		122bp	137bp					162bp	62bp	31bp	-20bp	116bp	49bp	115bp
EBITDA		117bp	137bp					155bp	68bp	11bp	-5bp	90bp	42bp	115bp
Net		-5bp	253bp					150bp	94bp	-124bp	-99bp	-106bp	-66bp	67bp

Source: Company reports, BMO Capital Markets estimates.

Chefs' Warehouse Holdings Balance Sheet				
	12/28/07	12/26/08	12/25/09	12/24/10
	FY2007	FY2008	FY2009	FY2010
Cash & Equivalents	2.232	1.591	0.88	1.98
Accounts Receivable (net)	29.865	28.728	30.98	36.20
Inventory - Net of Reserve	17.819	16.449	15.29	16.44
Deferred Income Taxes	0.947	1.026	1.48	1.65
Other Current Assets & Prepaid Expenses	1.567	1.664	2.09	3.61
Total Current Assets	52.43	49.46	50.71	59.88
Net Property, Plant & Equipment	3.87	4.30	4.24	4.23
Deferred Income Taxes				
Capitalized Financing Fees				
Intangible Assets	2.33	6.80	9.47	12.11
Deferred Costs	0.35	0.89	0.06	2.36
Other LT Assets	3.94	3.06	1.45	4.09
Total Non-current Assets	10.49	15.04	15.23	22.79
TOTAL ASSETS	62.92	64.50	65.94	82.67
Current Debt	2.90	2.76	2.79	16.95
Original issue Discount				
Accounts Payable	24.41	18.79	19.29	23.56
Advances, Accrued Expenses	6.31	5.81	6.15	7.16
Taxes Payable other than Income				
Income Taxes Payable				
Total Current Liabilities	33.62	27.36	28.23	47.67
Long Term Debt, Net of Current Portion	33.082	37.323	29.928	82.58
Revolver				
Mezz Debt				
Term Note				
Original issue Discount				
Other (Deferred Rent)	1.63	3.04	2.45	1.23
Total Non-current Liabilities	34.71	40.36	32.37	83.81
TOTAL LIABILITIES	68.33	67.72	60.60	131.48
SHAREHOLDERS' EQUITY	(5.41)	(3.22)	5.33	(48.81)
TOTAL LIABILITIES & EQUITY	62.92	64.50	65.94	82.67

Source: Company reports, BMO Capital Markets estimates.

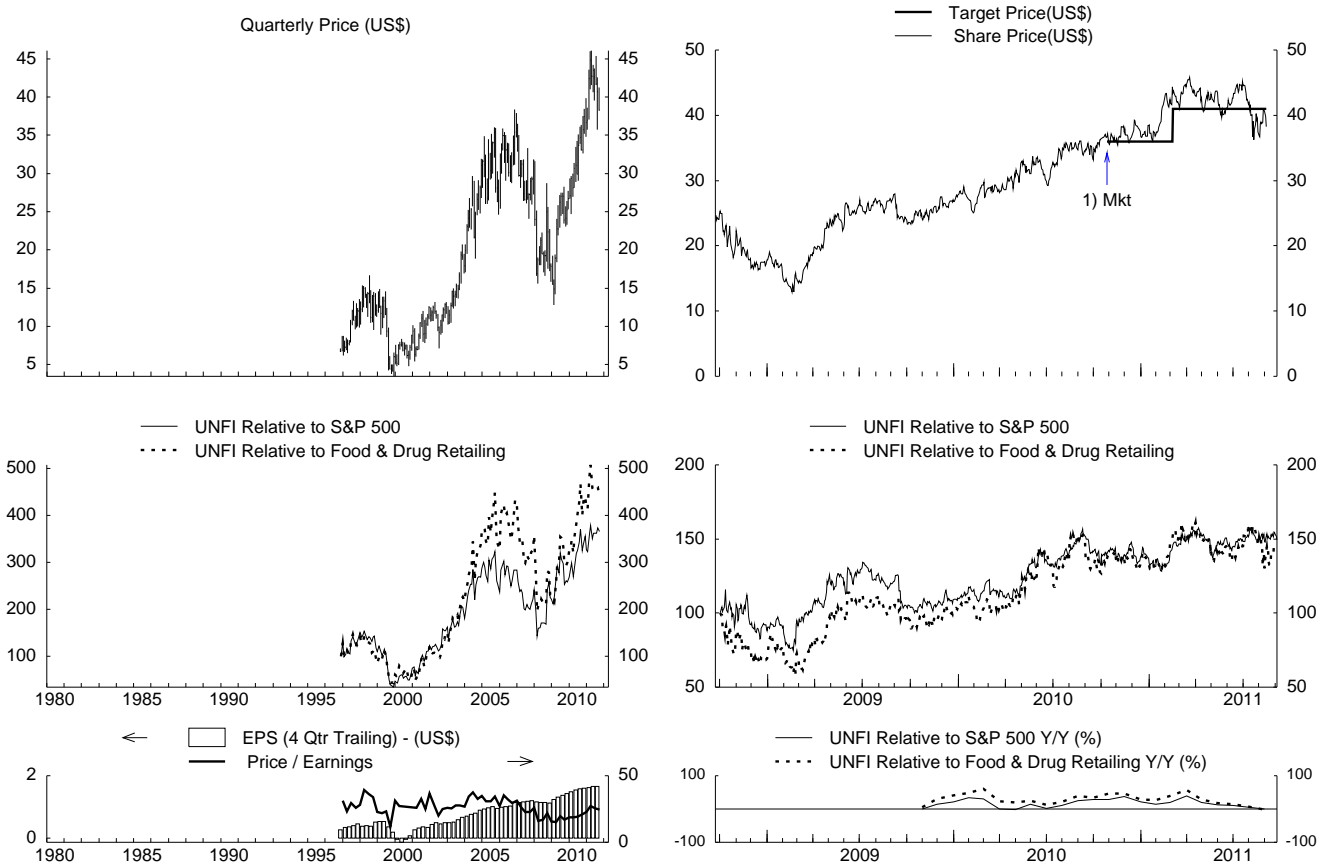
CHEFS WHSE INC (CHEF)



CHEF - Rating as of 31-Dec-10 = NR

Last Daily Data Point: August 30, 2011

UNITED NAT FOODS INC (UNFI)



UNFI - Rating as of 22-Sep-08 = NR

	Date	Rating Change	Share Price
1	27-Oct-10	NR to Mkt	\$36.61

Last Daily Data Point: September 2, 2011

Important Disclosures

Analyst's Certification

I, Karen Short, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Methodology and Risks to Our Price Target/Valuation

Methodology: Our target price values CHEF at an FY12 EV/EBITDA of 9.4x and P/E of 16.2x.

Risks: Key risks to our CHEF price target include increased competition from traditional broadline operators or consolidation among other regional specialty distributors, deterioration in the national or New York economy as it relates to discretionary spending at restaurants, the success and completion of future acquisitions at fair prices, significant increases in raw material costs, and tainted product or product recall, which could tarnish the company's image.

Company Specific Disclosures for UNFI

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Methodology and Risks to Our Price Target/Valuation

Methodology: Our target price values UNFI at a FY11 EV/EBITDA of 11.0x.

Risks: The risks to UNFI's target price include the loss of the Whole Foods Market business (35% of FY10 sales) as well as a weakening in Whole Foods sales trends, a significant economic downturn, a decline in consumer spending, grocery industry consolidation, integration risks associated with the implementation of a new IT platform, and high fuel prices.

Distribution of Ratings (June 30, 2011)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	35.8%	11.9%	31.8%	40.7%	44.2%	55.9%
Hold	Market Perform	62.2%	14.7%	68.2%	56.2%	54.6%	39.3%
Sell	Underperform	2.0%	0.0%	0.0%	3.0%	1.3%	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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OP = Outperform - Forecast to outperform the market;

Mkt = Market Perform - Forecast to perform roughly in line with the market;

Und = Underperform - Forecast to underperform the market;

(S) = speculative investment;

NR = No rating at this time;

R = Restricted – Dissemination of research is currently restricted.

Market performance is measured by a benchmark index such as the S&P/TSX Composite Index, S&P 500, Nasdaq Composite, as appropriate for each company. BMO Capital Markets eight Top 15 lists guide investors to our best ideas according to different objectives (Canadian large, small, growth, value, income, quantitative; and US large, US small) have replaced the Top Pick rating.

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