



UNFI Releases FY2001 Q4 Results

September 6, 2001

Reports \$0.25 Net Income Per Share Before Special Charge

Dayville, Connecticut – September 6, 2001 -- United Natural Foods, Inc. (Nasdaq: UNFI) today announced that earnings for the fourth quarter of fiscal 2001, ending July 31, 2001, were in line with the guidance previously provided by the Company.

Net sales for the fourth quarter of fiscal 2001 totaled \$269.7 million, a 17.5% increase over the \$229.7 million reported in the fourth quarter of fiscal 2000, significantly above the Company's guidance of 8 – 12% sales growth. This increase was primarily due to increased sales throughout all divisions and distribution channels including super naturals, independents and mass market. The sales growth above the 8 - 12% guidance was due primarily to market share gains.

Net income for the fourth quarter of fiscal 2001, excluding the effect of a special non-cash charge, was \$4.7 million, or \$0.25 per diluted share, compared to net income of \$2.6 million, or \$0.14 per diluted share for the fourth quarter of fiscal 2000. The special non-cash charge was related to Statement of Financial Accounting Standards No. 133 (FAS 133), "Accounting for Derivative Instruments and Hedging Activities." The Company recorded FAS 133 expense of approximately \$0.5 million, net of tax, on its interest rate swap agreement resulting from the significant decline in interest rates during the quarter. There were no special charges recorded during the fourth quarter of 2000. Net income including the special non-cash charge was \$4.2 million, or \$0.22 per diluted share, for the fourth quarter of 2001.

Year End Results

Net sales for the twelve months ended July 31, 2001 were \$1.02 billion, an 11.9% increase over the \$908.7 million reported in the comparable prior year period. Net income for the twelve months ended July 31, 2001, excluding special charges, was \$14.8 million, or \$0.79 per diluted share. The special charges included FAS 133 expense of approximately \$0.8 million, net of tax, on the Company's interest rate swap agreement resulting from the significant decline in interest rates during the year, \$0.5 million, net of tax, of costs related to the expansion of the Company's New Oxford, PA distribution facility and \$0.2 million, net of tax, of asset impairment charges, primarily goodwill, associated with closing an unprofitable retail store. Net income, excluding special charges, was \$2.3 million, or \$0.12 per share for the twelve months ended July 31, 2000. These charges included restructuring and asset impairment charges, severance, write-down of certain Eastern Region current assets, and costs associated with the closing of a distribution facility. Net income including special charges was \$13.4 million, or \$0.72 per diluted share, for the twelve months ended July 31, 2001. The Company incurred a net loss of (\$0.07) per share, including special charges, for the comparable period in fiscal year 2000.

Comments from Management

Commenting on the fourth quarter results, Michael Funk, Chief Executive Officer, said, "We view our fourth quarter performance as an indication of our overall strength in the industry as demonstrated by our strong sales growth, service levels and fill rates. We are confident that our organization can continue this momentum into fiscal year 2002 and towards this end have recently completed several key transactions that position the Company for future growth. We are pleased to report that Whole Foods Market, Inc., has agreed to extend our current distribution arrangement through August 31, 2004. We expect additional sales of approximately \$10-12 million annually in WFMI's southwestern region to which they had previously self distributed."

Mr. Funk continued, "In addition, we recently signed an agreement to lease a 200,000 square foot distribution center in the greater Los Angeles area with the option to lease an additional 83,000 square feet for expansion. The Los Angeles facility will enable us to provide enhanced service levels to our Southwestern customers and to further penetrate that market. While we anticipate short-term incremental costs of approximately \$0.6 million, net of tax, we expect to realize transportation savings and efficiencies once we are operational early in calendar year 2002."

Commenting on the Company's expectations for fiscal 2002, Chief Financial Officer Todd Weintraub, said, "We are raising our fiscal year 2002 guidance due to our planned implementation of Statement of Financial Accounting Standards No. 142 (FAS 142), "Goodwill and Other Intangible Assets." FAS 142 requires goodwill to be measured for impairment on a regular basis and discontinues amortization of goodwill. We expect the adoption of this accounting change to increase earnings by approximately \$0.03 per diluted share for fiscal 2002, thereby raising our guidance to \$1.05 - \$1.09. This guidance excludes special charges for FAS 133 and relocation expenses related to the new facilities in Atlanta and Greater Los Angeles. We are estimating the total relocation costs at approximately \$1.2 million, net of tax. For the quarter ending October 31, 2001 we are projecting net income per diluted share in the range of \$0.25 to \$0.26 and sales growth in the 12 – 14% range."

Mr. Weintraub continued, "We are also pleased to report that we have replaced our \$100 million revolving credit facility with a new \$150 million revolving credit facility, continuing our long and successful relationship with Fleet Capital. This new agreement provides the Company with additional financial flexibility to continue our internal and external growth strategies including strategic buying initiatives, such as discounted bulk purchases, the expansion of key distribution centers and the ability to pursue other strategic opportunities that may arise."

Conference Call

Management will conduct a conference call and audio webcast at 11:00 a.m. ET on September 6, 2001 to review the Company's quarterly results, market trends and future outlook. The conference call dial-in number is 703-871-3599. The audio webcast will be available, on a listen only basis, via the Internet at <http://www.viaid.com>. Please allow extra time to the webcast to visit the site and download any software required to listen to the Internet broadcast. The online archive of the webcast will be available for 30 days.

About United Natural Foods

United Natural Foods, Inc. carries and distributes over 30,000 products to more than 7,000 customers in 50 states. The Company serves a wide variety of retail formats including conventional supermarket chains, natural product superstores and independent retail operators.

Financial Tables Follow

For more information on United Natural Foods, Inc., visit the Company's web-site at www.unfi.com.

AT THE COMPANY: AT THE FINANCIAL RELATIONS BOARD:

Thomas Simone	Joseph Calabrese	Vanessa Schwartz
Chairman of the Board	General Information	Analyst Information
(707) 537-9872	(212) 445-8434	(212) 445-8433

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding United Natural's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, including but not limited to general business conditions, the impact of competition and our dependence on principal customers, see "Risk Factors" in the Company's quarterly report on Form 10-Q filed with the Commission on June 14, 2001, and its other filings under the Securities Exchange Act of 1934, as amended. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. United Natural is not undertaking to update any information in the foregoing reports until the effective date of its future reports required by applicable laws.

[Supplementary Financial Tables](#)