



United Natural Foods Reports Record Sales In Fiscal 2002 First Quarter

December 4, 2001

DAYVILLE, Conn., Dec 4, 2001 /PRNewswire via COMTEX/ --

Reports \$0.26 Net Income Per Share Before Special Charge

United Natural Foods, Inc. (Nasdaq: UNFI) today announced that earnings for the first quarter of fiscal 2002, ending October 31, 2001, were in line with the guidance previously provided by the Company.

Net sales for the first quarter of fiscal 2002 totaled \$280.3 million, a 14.8% increase over the \$244.1 million reported in the first quarter of fiscal 2001, slightly above the Company's guidance of 12 -- 14% sales growth. This increase was primarily due to increased sales throughout the Company's distribution centers and retail division and included super natural, independent and mass market distribution channels.

Net income for the first quarter of fiscal 2002, excluding the effect of a non-cash special charge, was \$4.9 million, or \$0.26 per diluted share, compared to net income of \$3.3 million, or \$0.18 per diluted share for the first quarter of fiscal 2001. The non-cash special 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 \$2.3 million, net of tax, on its interest rate swap agreements resulting from the significant decline in interest rates during the quarter. The Company adopted Statement of Financial Accounting Standards No. 142 (FAS 142), "Goodwill and Other Intangible Assets" on August 1, 2001. The result of adopting FAS 142 was a reduction in operating expenses of approximately \$0.2 million. There were no special charges recorded during the first quarter of 2001. Net income including the non-cash special charge was \$2.6 million, or \$0.14 per diluted share, for the first quarter of 2002.

Comments from Management

Commenting on the first quarter results, Michael Funk, Chief Executive Officer, said, "We are pleased with our first quarter results and remain confident in the execution of our fiscal 2002 business plan. Sales growth was slightly higher than expected as we achieved double-digit growth in both our eastern and western regions as well as across all three of our main distribution channels. Operating metrics continue to track at efficient levels with service rates to customers continuing to perform at optimum levels. Looking forward we believe our sales growth for fiscal 2002 will continue in the 10%-14% range. At these sales levels we expect net income for fiscal 2002 to be approximately \$1.06-\$1.11 per diluted share and net income for the fiscal 2002 second quarter to be approximately \$0.25 to \$0.27 per diluted share. Our guidance for both fiscal 2002 and the second quarter excludes special charges for FAS 133 and relocation expenses related to the new distribution facilities in Atlanta and southern California."

Conference Call

Management will conduct a conference call and audio webcast at 11:00 a.m. ET on December 4, 2001 to review the Company's quarterly results, market trends and future outlook. The conference call dial-in number is 703-871-3795. The audio webcast will be available, on a listen only basis, via the Internet at <http://www.viavid.com>. Please allow extra time prior to the webcast to visit the webcast 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 nationwide. The Company serves a wide variety of retail formats including conventional supermarket chains, natural product superstores and independent retail operators.

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

"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 annual report on Form 10-K filed with the Commission on October 23, 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 Foods, Inc. is not undertaking to update any information in the foregoing reports until the effective date of its future reports required by applicable laws.

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

QUARTER ENDED
OCTOBER 31,

(In thousands, except per share data) 2001 2000

Net sales	\$280,315	\$244,141		
Cost of sales	225,314	196,091		
Gross profit	55,001	48,051		
Operating expenses	45,024	40,782		
Amortization of intangibles	64	263		
Total operating expenses	45,088	41,045		
Operating income	9,913	7,006		
Other expense (income):				
Interest expense	1,746	1,778		
Change in fair value of financial instruments	3,787	-		
Other, net	44	(214)		
Total other expense	5,577	1,564		
Income before income taxes	4,336	5,442		
Income taxes	1,734	2,177		
Net income	\$2,602	\$3,265		
Per share data (basic):				
Net income	\$0.14	\$0.18		
Weighted average basic shares of common stock	18,665	18,320		
Per share data (diluted):				
Net income	\$0.14	\$0.18		
Weighted average diluted shares of common stock	19,074	18,663		

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)	OCTOBER 31, JULY, 31	
	2001	2001
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash	\$5,309	\$6,393
Accounts receivable, net	90,533	81,559
Notes receivable, trade	654	685
Inventories	124,861	110,653
Prepaid expenses	6,037	5,394
Deferred income taxes	3,799	3,513
Refundable income taxes	-	366
Total current assets	231,193	208,563
Property & equipment, net	65,372	62,186
Other assets:		
Notes receivable, trade, net	940	1,050
Goodwill, net	27,499	27,500
Covenants not to compete, net	155	180
Other, net	1,734	965
Total assets	\$326,893	\$300,444

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable - line of credit	\$80,240	\$68,056
Current installments of long-term debt	1,048	19,625
Current installment of obligations under capital leases	1,049	1,120
Accounts payable	72,700	53,169
Accrued expenses	23,067	13,242

Income taxes payable	2,006	-	
Total current liabilities	180,110	155,212	
Long-term debt, excluding current installments	6,193	7,805	
Deferred income taxes	-	-	
Obligations under capital leases, excluding current installments	1,885	1,484	
Total liabilities	188,188	164,501	
Stockholders' equity:			
Preferred stock, \$.01 par value, authorized 5,000 shares; none issued and outstanding			
Common stock, \$.01 par value, authorized 50,000 shares; issued and outstanding 18,666 at October 31, 2001; issued and outstanding 18,653 at July 31, 2001	187	187	
Additional paid-in capital	72,763	72,644	
Unallocated shares of ESOP	(2,217)	(2,258)	
Retained earnings	67,972	65,370	
Total stockholders' equity	138,705	135,943	
Total liabilities and stockholders' equity	\$326,893	\$300,444	

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

THREE MONTHS ENDED
OCTOBER 31,
2001 2000

(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$2,602	\$3,265	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,814	1,825	
Change in fair value of financial instruments	3,787	-	
Gain on disposals of property & equipment	(3)	(1)	
Deferred income tax (benefit) expense	(287)	99	
Provision for doubtful accounts	513	537	
Changes in assets and liabilities, net of acquired companies:			
Accounts receivable	(9,487)	(5,205)	
Inventory	(14,208)	(3,448)	
Prepaid expenses	(643)	(46)	
Refundable income taxes	366	1,894	
Other assets	(728)	80	
Notes receivable, trade	141	214	
Accounts payable	19,532	17,819	
Accrued expenses	6,038	167	
Income taxes payable	2,006	-	
Net cash provided by operating activities	11,443	17,200	

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from disposals of property and equipment	16	10	
Capital expenditures	(4,360)	(3,692)	
Net cash used in investing activities	(4,344)	(3,682)	

CASH FLOWS FROM FINANCING ACTIVITIES:

Net borrowings under note payable	12,184	(5,504)	
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Repayments on long-term debt	(20,189)	(670)	
Proceeds from long-term debt	-	39	
Principal payments of capital lease obligations	(299)	(310)	
Proceeds from exercise of stock options		121	427
Net cash used in financing activities	(8,183)	(6,018)	
NET (DECREASE) INCREASE IN CASH		(1,084)	7,500
Cash at beginning of period	6,393	1,943	
Cash at end of period	\$5,309	\$9,443	

Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest	\$1,629	\$1,615	
Income taxes, net of refunds	\$196	\$138	

In the quarters ended October 31, 2001 and 2000, the Company incurred \$628 and \$527, respectively, of capital lease obligations.

SOURCE United Natural Foods, Inc.

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

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