



## United Natural Foods Announces Diluted EPS of \$0.29 and Record Revenue of \$646 Million for the First Quarter of Fiscal 2007

November 21, 2006

Reports 12.3% Increase in Comparable Net Sales Over Prior Year

DAYVILLE, Conn., Nov. 21 /PRNewswire-FirstCall/ -- United Natural Foods, Inc. (Nasdaq: UNFI) (the "Company") today reported net sales for the first quarter of fiscal 2007, ended October 28, 2006, of \$646.4 million, an increase of \$70.8 million, or 12.3%, from the \$575.6 million recorded in the first quarter of fiscal 2006.

The Company reported net income of \$12.4 million, or \$0.29 per diluted share, for the first quarter of fiscal 2007. Net income for the first quarter of fiscal 2006, excluding special items, was \$10.3 million, or \$0.24 per diluted share. Net income for the first quarter of fiscal 2006, including special items, was \$7.7 million, or \$0.18 per diluted share. There were no special items for the first quarter of fiscal 2007.

In the quarter ended October 28, 2006, the Company recorded share-based compensation expense of \$1.0 million in accordance with Statement of Financial Accounting Standard No. 123R, Share-Based Payment. Operating expenses during the quarter were negatively impacted by an operating loss of \$0.6 million related to its Greenwood, Indiana location of the Company's Albert's Organics division. As a result, the Company closed this facility and began serving this market from the Albert's Organics' Minneapolis, Minnesota facility, effective October 31, 2006.

In addition, the Company is pleased to announce that Whole Foods Market Distribution, Inc. (Nasdaq: WFMI) has recently signed an amendment to the seven-year primary distribution agreement announced in October 2006 between the Company and Whole Foods Market Distribution, Inc. Under the amendment, the Company has been named the primary wholesale natural grocery distributor to the Southern Pacific region of Whole Foods Market, Inc. ("Whole Foods Market"), which includes Southern California, Arizona and Southern Nevada. The Company expects to transition this new business during January 2007. When the new Whole Foods Market business is combined with other business gained during the 2007 first quarter, the Company expects to generate incremental revenues of approximately \$47.0 to \$52.0 million during fiscal 2007, and approximately \$95.0 to \$105.0 million on an annualized basis.

"We are quite pleased with our results for the first quarter, and have confidence in our ability to continue to execute our sales and operating strategies throughout the rest of fiscal 2007," said Michael Funk, Chief Executive Officer. "Sales growth in our supermarket channel continues to be quite strong. Coupled with our expanded Whole Foods relationship in the Southern Pacific region of the United States and a strong pipeline of new Whole Foods stores expected to open in the near future, we expect to realize continued sales momentum in this business channel."

Mr. Funk added, "Over the next twelve to twenty-one months, we look forward to further building out our infrastructure by opening new facilities in the Pacific Northwest, Florida and Texas markets, which we originally announced back in August. These new facilities will significantly reduce our annual miles traveled in those regions. In addition, we plan to continue to move forward with our installation of warehouse technologies in our existing facilities. Combined with our commitment to increase sales of our branded products to 5% of revenues by the end of fiscal 2008, we remain optimistic regarding our future growth prospects."

For the first quarter of fiscal 2006, ended October 29, 2005, share-based compensation negatively impacted earnings by \$2.5 million including special items, or \$1.5 million excluding special items. Special items in the first quarter of fiscal 2006 consisted of incremental and redundant costs incurred during the transition from our former warehouses and outside storage facility in Auburn, California into our new larger facility in Rocklin, California, certain incremental costs associated with the opening of our new Greenwood, Indiana facility and non-recurring cash and non-cash expenses incurred in accordance with the employment transition agreement we entered into during the quarter with our former President and Chief Executive Officer.

The following table details the amounts and effect of special items and a reconciliation of net income and per share amounts, excluding special items (non-GAAP basis), to net income and per share amounts, including special items (GAAP basis), for the first quarter of fiscal 2006:

Quarter Ended October 29, 2005 (in thousands, except per share data)	Pretax Income	Net of Tax	Per diluted share
Income, excluding special items:	\$16,646	\$10,320	\$0.24*
Special Items - (Expense)			
Employment transition agreement costs (included in operating expenses)	(3,512)	(2,177)	(0.05)
Rocklin, CA facility relocation costs (included in operating expenses)	(672)	(416)	(0.01)
Greenwood, IN facility openings costs			

(included in operating expenses)	(92)	(57)	(0.00)
Income, including special items:	\$12,371*	\$7,670	\$0.18

\* Total reflects rounding.

All non-GAAP numbers have been adjusted to exclude special items. A reconciliation of specific adjustments to GAAP results for the quarter ended October 29, 2005 is included in the financial table shown above. A description of the Company's use of non-GAAP information is provided under "Non-GAAP Results" below.

#### Conference Call

Management will conduct a conference call and audio webcast at 11:00 a.m. EST on November 21, 2006 to review the Company's quarterly results, market trends and future outlook. The conference call dial-in number is (303) 205-0033. An audio webcast of the conference call will be available to the public, on a listen-only basis, via the Internet at <http://www.earnings.com> or at the Investor Relations section of the Company's website at <http://www.unfi.com>. Please allow extra time prior to the call to visit the site and download the necessary software 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 more than 40,000 products to more than 18,000 customers nationwide. The Company serves a wide variety of retail formats including conventional supermarket chains, natural product superstores, independent retail operators and the food service channel. United Natural Foods, Inc. was ranked by Forbes in 2005 as one of the "Best Managed Companies in America," ranked by Fortune in 2006 as one of its "Most Admired Companies," and ranked by Business Ethics as one of its "100

Best Corporate Citizens for 2006." For more information on United Natural Foods, Inc., visit the Company's website at <http://www.unfi.com>.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding the Company's business that 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 11, 2006, 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. The Company is not undertaking to update any information in the foregoing reports until the effective date of its future reports required by applicable laws. Any projections of future results of operations should not be construed in any manner as a guarantee that such results will in fact occur. These projections are subject to change and could differ materially from final reported results. The Company may from time to time update these publicly announced projections, but it is not obligated to do so.

Non-GAAP Results: To supplement its financial statements presented on U.S. generally accepted accounting principles ("GAAP") basis, the Company uses non-GAAP additional measures of operating results, net income and earnings per share adjusted to exclude special charges. The Company believes that the use of these additional measures is appropriate to enhance an overall understanding of its past financial performance and also its prospects for the future as these special charges are not expected to be part of the Company's ongoing business. The adjustments to the Company's GAAP results are made with the intent of providing both management and investors with a more complete understanding of the underlying operational results and trends and its marketplace performance. For example, these adjusted non-GAAP results are among the primary indicators management uses as a basis for its planning and forecasting of future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net earnings or diluted earnings per share prepared in accordance with GAAP. A comparison and reconciliation from non-GAAP to GAAP results is included in the tables within this release.

UNITED NATURAL FOODS, INC.  
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
(In thousands, except per share data)

	Quarter ended	
	October 28, 2006	October 29, 2005
Net sales	\$646,433	\$575,641
Cost of sales	522,861	465,374
Gross profit	123,572	110,267
Operating expenses	100,281	95,513
Amortization of intangibles	151	145
Total operating expenses	100,432	95,658
Operating income	23,140	14,609

Other expense (income):			
Interest expense	2,911	2,367	
Interest income	(114)	(68)	
Other, net	(28)	(61)	
Total other expense	2,769	2,238	
Income before income taxes	20,371	12,371	
Provision for income taxes	7,945	4,701	
Net income	\$12,426	\$7,670	
Per share data -- basic:			
Net income	\$0.29	\$0.19	
Weighted average basic shares of common stock	42,147	41,334	
Per share data -- diluted:			
Net income	\$0.29	\$0.18	
Weighted average diluted shares of common stock	42,599	42,150	

UNITED NATURAL FOODS, INC.  
CONSOLIDATED BALANCE SHEETS (Unaudited)  
(In thousands)

October 28, July 29,  
2006 2006

ASSETS

Current assets:

Cash and cash equivalents	\$8,416	\$20,054	
Accounts receivable, net	164,476	147,686	
Notes receivable, trade, net	1,251	1,254	
Inventories	300,214	257,259	
Prepaid expenses and other current assets	14,856	12,596	
Deferred income taxes	10,911	10,911	
Total current assets	500,124	449,760	

Property & equipment, net 163,579 163,247

Other assets:

Goodwill	78,044	78,016	
Notes receivable, trade, net	2,499	2,760	
Intangible assets, net	214	251	
Other	9,615	6,561	

Total assets \$754,075 \$700,595

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$138,691	\$102,146	
Notes payable	118,001	125,005	
Accrued expenses and other current liabilities	36,236	34,245	
Current portion of long-term debt	5,675	5,433	
Total current liabilities	298,603	266,829	

Long-term debt, excluding current portion 68,083 59,716

Deferred income taxes 8,586 9,693

Other long-term liabilities 658 883

Total liabilities 375,930 337,121

Commitments and contingencies

Stockholders' equity:

Preferred stock, \$0.01 par value, authorized 5,000 shares at October 28, 2006 and July 29, 2006; none issued and outstanding	-	-
Common stock, \$0.01 par value, authorized 50,000 shares; 42,628 issued and 42,399 outstanding shares at October 28, 2006; 42,477 issued and 42,248 outstanding shares at July 29, 2006	426	425
Additional paid-in capital	153,819	149,840
Unallocated shares of Employee Stock Ownership Plan	(1,339)	(1,380)
Treasury stock	(6,092)	(6,092)
Accumulated other comprehensive (loss) income	(729)	1,047
Retained earnings	232,060	219,634
Total stockholders' equity	378,145	363,474

Total liabilities and stockholders' equity     \$754,075     \$700,595

UNITED NATURAL FOODS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
(In thousands)

	Quarter ended	
	October 28, 2006	October 29, 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$12,426	\$7,670
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	4,555	3,754
Loss (gain) on disposals of property & equipment	5	(9)
Provision for doubtful accounts	660	369
Share-based compensation	954	2,535
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(17,450)	(17,510)
Inventories	(42,955)	(34,749)
Prepaid expenses and other assets	(6,585)	(625)
Notes receivable, trade	264	(246)
Accounts payable	30,729	30,871
Accrued expenses and other current liabilities	(3,914)	2,189
Income taxes payable	4,064	-
Net cash used in operating activities	(17,247)	(5,751)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(4,760)	(7,683)
Payments for acquisitions, net of cash acquired	(28)	(517)
Proceeds from disposals of property and equipment	19	21
Net cash used in investing activities	(4,769)	(8,179)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	10,000	-
Net (repayments) borrowings under note payable	(7,004)	15,401
Increase (decrease) in bank overdraft	5,816	(5,898)
Proceeds from exercise of stock options	2,152	1,713
Tax effect of stock options	874	1,284
Repayments on long-term debt	(1,458)	(1,131)
Principal payments of capital lease obligations	(2)	(148)
Net cash provided by financing activities	10,378	11,221

NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,638)	(2,709)
Cash and cash equivalents at beginning of period	20,054	12,615
Cash and cash equivalents at end of period	\$8,416	\$9,906

Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest, net of amounts capitalized	\$2,996	\$2,561
Income taxes, net of refunds	\$2,639	\$4,470

SOURCE United Natural Foods, Inc.

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Web site: <http://www.unfi.com>

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