



## **United Natural Foods Announces Diluted EPS of \$0.32 and Revenues of \$736.4 Million on 13.9% Growth for the First Quarter of Fiscal 2008**

November 20, 2007

Updates Fiscal 2008 Guidance to Reflect Projected Impact of Millbrook Acquisition

DAYVILLE, Conn., Nov. 20 /PRNewswire-FirstCall/ --United Natural Foods, Inc. (Nasdaq: UNFI) (the "Company") today reported net sales for the first quarter of fiscal 2008, ended October 27, 2007, of \$736.4 million, an increase of \$90.0 million, or 13.9%, from the \$646.4 million in net sales recorded in the first quarter of fiscal 2007. The supernatural channel of the wholesale segment contributed to the increase in net sales, showing a comparable growth rate of approximately 22%.

The Company reported net income of \$13.6 million, or \$0.32 per diluted share, for the first quarter of fiscal 2008. Net income for the first quarter of fiscal 2007 was \$12.4 million, or \$0.29 per diluted share.

Gross margin was 18.4% for the first quarter of fiscal 2008, which represents a 72 basis point decline from the gross margin of 19.1% for the first quarter of fiscal 2007. The decline in gross margin was due primarily to new customer contracts combined with a shift in the mix of customer growth.

Operating expenses as a percentage of net sales during the first quarter of fiscal 2008 decreased by 43 basis points to 15.1% of net sales, or \$111.3 million, and were negatively impacted by \$2.3 million in operating expenses related to start-up activities at the Company's Sarasota, Florida and Portland, Oregon area distribution facilities. The Sarasota, Florida facility commenced shipments in September 2007, and the Portland, Oregon area facility is expected to commence operations in early December 2007. For the quarter ended October 28, 2006, operating expenses were \$100.4 million, or 15.5% of net sales.

In the quarter ended October 27, 2007, the Company recorded share-based compensation expense of \$1.0 million in accordance with Statement of Financial Accounting Standard No. 123R, Share-Based Payment, which was consistent with the same period in fiscal 2007.

The Company's results for the first quarter of fiscal 2008 do not reflect the Company's recent acquisition of Millbrook Distribution Services, Inc. ("Millbrook"), which closed on November 2, 2007.

"We are pleased to announce that first quarter sales came in near the top end of our 11% to 14% growth forecast and that operating results were solid despite \$2.3 million of start-up costs related to expansion of our distribution center network" said Michael Funk, President and Chief Executive Officer. "With the Sarasota, Florida facility now open, and the Portland, Oregon area facility expected to open in early December, we look forward to realizing the transportation savings and operational efficiencies expected to be provided by these facilities in the second half of the fiscal year."

Mr. Funk added, "At this time, we continue to implement strategies designed to grow and diversify our business and recently closed on the acquisition of Millbrook. This opportunity is consistent with our long-term plans to expand our presence in the Specialty Foods segment and enhance the breadth of our products, resources and distribution network. We're excited to welcome Millbrook, its customers and associates to our organization."

Updates Fiscal 2008 Guidance to Reflect Projected Impact of Millbrook Acquisition

The Company is raising its net sales guidance for fiscal 2008, ending August 2, 2008, to reflect the recent acquisition of Millbrook, which closed on November 2, 2007. Fiscal 2008 projected revenues are expected to increase to \$3.27 to \$3.35 billion, representing an increase of 19% to 22% over net sales in fiscal 2007. Previously, the Company had announced net sales guidance from \$3.05 to \$3.13 billion, reflecting net sales growth of 11% to 14%. At this time, the Company expects fiscal 2008 U.S. GAAP earnings per diluted share guidance to remain in the range of \$1.40 to \$1.45 per share, an increase of 19% to 24% over fiscal 2007. The Company expects the Millbrook acquisition to be dilutive by approximately \$0.04 in the second quarter of fiscal 2008, and neutral to slightly accretive for the remainder of fiscal 2008.

The Company's guidance is based on a number of assumptions, which are subject to change and many of which are outside the Company's control. If any of these assumptions vary, the Company's guidance may change. There can be no assurance that the Company will achieve these results.

Conference Call

Management will conduct a conference call and audio webcast at 11:00 a.m. EST on November 20, 2007 to review the Company's quarterly results, market trends and future outlook. The conference call dial-in number is (303) 262- 2004. An audio webcast of the conference call will be available to the public, on a listen-only basis, via the Internet at [www.earnings.com](http://www.earnings.com) at the Investor Relations section of the Company's website at [www.unfi.com](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 17,000 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

and 2007 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 [www.unfi.com](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 September 26, 2007, 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.

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

	Quarters ended	
	October 27, 2007	October 28, 2006
Net sales	\$736,389	\$646,433
Cost of sales	600,918	522,861
Gross profit	135,471	123,572
Operating expenses	111,266	100,432
Total operating expenses	111,266	100,432
Operating income	24,205	23,140
Other expense (income):		
Interest expense	2,891	2,911
Interest income	(179)	(114)
Other, net	69	(28)
Total other expense	2,781	2,769
Income before income taxes	21,424	20,371
Provision for income taxes	7,863	7,945
Net income	\$13,561	\$12,426
Basic per share data:		
Net income	\$0.32	\$0.29
Weighted average basic shares of common stock	42,610	42,147
Diluted per share data:		
Net income	\$0.32	\$0.29
Weighted average diluted shares of common stock	42,829	42,599

UNITED NATURAL FOODS, INC.  
CONSOLIDATED BALANCE SHEETS (Unaudited)  
(In thousands, except per share data)



Three months ended  
October 27, 2007    October 28, 2006

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income	\$13,561	\$12,426
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	4,678	4,555
Loss on disposals of property and equipment	8	5
Deferred income taxes	(101)	-
Provision for doubtful accounts	472	660
Share-based compensation	1,004	954
Gain on forgiveness of loan	(157)	-
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(14,164)	(17,450)
Inventories	(52,246)	(42,955)
Prepaid expenses and other assets	(2,693)	(6,585)
Notes receivable, trade	389	264
Accounts payable	29,828	30,729
Accrued expenses and other current liabilities	462	150
Net cash used in operating activities	(18,959)	(17,247)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Capital expenditures	(12,623)	(4,760)
Purchases of acquired businesses, net of cash acquired	(686)	(28)
Payment for loans receivable	(5,000)	-
Proceeds from disposals of property and equipment	-	19
Net cash used in investing activities	(18,309)	(4,769)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Net borrowings (repayments) under note payable	32,500	(7,006)
Increase in bank overdraft	8,714	5,816
Repayments of long-term debt	(1,684)	(1,458)
Proceeds from exercise of stock options	134	2,152
Tax benefit from exercises of stock options	40	874
Proceeds from issuance of long-term debt	-	10,000
Net cash provided by financing activities	39,704	10,378

**NET INCREASE (DECREASE) IN CASH AND CASH**

<b>EQUIVALENTS</b>	2,436	(11,638)
Cash and cash equivalents at beginning of period	17,010	20,054
Cash and cash equivalents at end of period	\$19,446	\$8,416

**Supplemental disclosures of cash flow information:**

**Cash paid during the period for:**

Interest paid, net of amounts capitalized	\$2,779	\$2,996
Federal and state income taxes paid, net of refunds	\$7,956	\$2,639

SOURCE United Natural Foods, Inc.

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