



## United Natural Foods Announces Third Quarter 2009 Diluted EPS of \$0.39, a 30% Increase Over Diluted EPS for Third Quarter 2008

June 2, 2009

### Third Quarter Highlights

- Net sales increased 0.3% to \$889.5 million compared with the third quarter of fiscal 2008

- Net sales increased 3.3%, excluding the impact of UNFI Specialty

- Net income totaled \$16.8 million

DAYVILLE, Conn., June 2 /PRNewswire-FirstCall/ -- United Natural Foods, Inc. (Nasdaq: UNFI) today reported net sales for the third quarter of fiscal 2009, ended May 2, 2009, of \$889.5 million, an increase of approximately \$2.6 million, or 0.3%, from net sales of \$887.0 million recorded in the third quarter of fiscal 2008. Excluding the impact in both periods of the UNFI Specialty Distribution Services division ("Specialty"), which the Company acquired in the second quarter of fiscal 2008, net sales increased by approximately \$26.5 million, or 3.3%, to \$836.2 million.

"Our record earnings in the third quarter reflect our continued focus on cash flow, market share and the further expansion and integration of our specialty business. We continued to benefit from lower diesel fuel costs, while improved operational efficiencies and expense control by all of our associates resulted in earnings that represented a 30% increase over the third quarter of fiscal 2008," said Steven Spinner, President and Chief Executive Officer.

Net income was \$16.8 million, or \$0.39 per diluted share, for the third quarter of fiscal 2009 compared with net income for the third quarter of fiscal 2008 of \$13.0 million, or \$0.30 per diluted share.

Gross margin was 19.0% for the third quarter of fiscal 2009, which represents a 27 basis point improvement from gross margin of 18.7% for the third quarter of fiscal 2008, primarily due to higher gross margin within the Specialty division.

Operating expenses as a percentage of net sales decreased by 35 basis points during the third quarter of fiscal 2009 to 15.6% of net sales, or \$138.3 million, from 15.9% of net sales, or \$141.0 million, for the third quarter of fiscal 2008. Operating expenses were positively impacted by continued expense control programs across all of the Company's divisions, lower diesel fuel prices, and operational improvements in the Company's distribution centers.

"In April, we successfully completed the relocation and expansion of our specialty distribution facility from East Brunswick, New Jersey to our new 675,000 square foot facility in York, Pennsylvania," said Mr. Spinner. "With this move, we now have our first fully integrated facility, which allows us to offer our mid-Atlantic customers a full assortment of natural, organic and specialty foods from a single facility on a common system."

### Updates to Fiscal 2009 Guidance

The Company is confirming net sales guidance for fiscal year 2009, ending August 1, 2009, to \$3.45 billion to \$3.50 billion, which represents a 2.5% to 4.0% increase in total net sales over fiscal 2008, or 4.5% to 6.0% after adjusting for the 53rd week in fiscal 2008.

In addition, the Company is raising its earnings per share guidance for fiscal 2009 to a range of \$1.34 to \$1.38 per diluted share. The Company had previously announced earnings per share guidance of \$1.28 to \$1.36 per diluted share. The Company's revised guidance reflects the impact of improved operating efficiencies and cost controls.

The Company is also lowering its anticipated fiscal 2009 capital expenditures guidance to a range of approximately \$30 to \$35 million. The Company had previously announced anticipated fiscal 2009 capital expenditures guidance of approximately \$40 to \$45 million.

The Company's guidance is based on a number of assumptions, 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 & Webcast

The Company's third quarter 2009 conference call and audio webcast will be held at 11:00 a.m. EDT on June 2, 2009. The audio webcast of the conference call will be available to the public, on a listen-only basis, via the Internet at [www.fulldisclosure.com](http://www.fulldisclosure.com) or at the Investors section of the Company's website at [www.unfi.com](http://www.unfi.com). The online archive of the webcast will be available on the Company's website for 30 days.

### Non-GAAP Reconciliation

The following table details the non-GAAP measures for the third quarter of fiscal 2009 and 2008:



Net income	\$0.39	\$0.30	\$1.02	\$0.84
Weighted average basic shares of common stock	42,871	42,727	42,827	42,678
Diluted per share data:				
Net income	\$0.39	\$0.30	\$1.02	\$0.83
Weighted average diluted shares of common stock	42,943	42,847	42,939	42,858

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

	May 2, 2009	August 2, 2008	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$6,686	\$25,333	
Accounts receivable, net	197,580	179,063	
Notes receivable, trade, net	606	1,412	
Inventories	418,242	394,364	
Prepaid expenses and other current assets	14,626	13,307	
Deferred income taxes	14,221	14,221	
Total current assets	651,961	627,700	
Property and equipment, net	241,186	234,115	
Other assets:			
Goodwill	166,471	170,609	
Notes receivable, trade, net	2,242	2,349	
Intangible assets, net	39,821	33,689	
Other	19,201	16,021	
Total assets	\$1,120,882	\$1,084,483	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Notes payable	\$248,573	\$288,050	
Accounts payable	176,510	160,418	
Accrued expenses and other current liabilities	73,485	63,308	
Current portion of long-term debt	4,911	5,027	
Total current liabilities	503,479	516,803	
Long-term debt, excluding current portion	54,875	58,485	
Deferred income taxes	10,446	9,058	
Other long-term liabilities	24,456	20,087	
Total liabilities	593,256	604,433	
Stockholders' equity:			
Preferred stock, \$0.01 par value, authorized 5,000 shares at May 2, 2009 and August 2, 2008; none issued and outstanding	-	-	
Common stock, \$0.01 par value, authorized 100,000 shares; 43,170 issued and 42,942 outstanding shares at May 2, 2009; 43,100 issued and 42,871 outstanding shares at August 2, 2008	432	431	
Additional paid-in capital	174,166	169,238	
Unallocated shares of Employee Stock Ownership Plan	(917)	(1,040)	

Treasury stock	(6,092)	(6,092)	
Accumulated other comprehensive loss	(1,876)	(753)	
Retained earnings	361,913	318,266	
Total stockholders' equity	527,626	480,050	

Total liabilities and stockholders' equity \$1,120,882 \$1,084,483

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

	Nine months ended		
	May 2, 2009	April 26, 2008	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$43,647	\$35,660	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	20,329	15,694	
Share-based compensation	4,607	3,503	
Provision for doubtful accounts	3,526	1,665	
Loss on disposals of property and equipment	290	8	
Gain on forgiveness of loan	-	(157)	
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	(20,760)	(15,215)	
Inventories	(21,314)	(77,007)	
Prepaid expenses and other assets	(1,002)	(1,080)	
Notes receivable, trade	369	69	
Accounts payable	(1,195)	2,074	
Accrued expenses and other current liabilities	12,194	(1,663)	
Income taxes payable	-	923	
Net cash provided by (used in) operating activities	40,691	(35,526)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures	(25,421)	(32,024)	
Purchases of acquired businesses, net of cash acquired	(4,468)	(107,726)	
Net cash used in investing activities	(29,889)	(139,750)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net (repayments) borrowings under note payable	(39,477)	175,000	
Increase in bank overdraft	17,152	9,482	
Repayments of long-term debt	(3,726)	(7,754)	
Payments on life insurance policy loans	(3,072)	-	
Capitalized debt issuance costs	(647)	-	
Proceeds from exercise of stock options	188	848	
Tax benefit from exercises of stock options	133	171	
Net cash (used in) provided by financing activities	(29,449)	177,747	
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>			
	(18,647)	2,471	
Cash and cash equivalents at beginning of period	25,333	17,010	
Cash and cash equivalents at end of period	\$6,686	\$19,481	

Supplemental disclosures of cash  
flow information:

Cash paid during the period for:

Interest, net of amounts capitalized	\$7,713	\$11,431
Federal and state income taxes, net of refunds	\$29,734	\$18,877

SOURCE United Natural Foods, Inc.

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