



## United Natural Foods, Inc. Announces Divestiture of Non-Foods & General Merchandise Business

June 10, 2011

PROVIDENCE, R.I., June 10, 2011 /PRNewswire via COMTEX/ --

United Natural Foods, Inc. (Nasdaq: UNFI) (the "Company") today announced it has signed an asset purchase agreement with L&R Distributors, Inc. ("L&R Distributors"), a leading national distributor of non-food products and general merchandise, to divest the Company's non-foods and general merchandise lines of business. This strategic transaction will allow UNFI to concentrate on its core business of the distribution of natural, organic, and specialty foods and products. UNFI entered the non-foods and general merchandise businesses, which includes cosmetics, seasonal products, conventional health & beauty products and hard goods, as part of its acquisition of Millbrook Distribution Services, Inc. in November 2007. Terms of the transaction were not disclosed.

Following the closing of the sale of its non-foods and general merchandise lines of business to L&R Distributors, UNFI will cease operations at its Harrison, Arkansas facility. This facility and the related assets will be considered held-for-sale once the sale to L&R Distributors is consummated, which, subject to the satisfaction of customary closing conditions, is expected to occur in UNFI's first quarter of fiscal 2012, ended October 29, 2011. All specialty food products from the Harrison, Arkansas facility will be transferred into the Company's other distribution centers across the United States. In addition, the Company will be working closely with L&R Distributors and current non-foods and general merchandise customers to ensure a smooth transition of service.

As a result of this transaction and the closure of the Harrison, Arkansas facility, the Company expects to incur associated restructuring and impairment charges of approximately \$11.0 million to \$12.5 million during the fourth quarter of fiscal 2011 and first quarter of fiscal 2012. These costs will consist of a non-cash impairment charge for the Harrison, Arkansas building and equipment, and cash charges primarily associated with associate severance and related benefit costs, and other non-recurring charges to fully transition the specialty food line of business into the Company's other facilities. Approximately \$8.4 million to \$9.6 million of these costs are expected to be incurred in the fourth quarter of fiscal 2011, with the exact amount dependent upon the timing of the completion of the transfer of the Company's specialty foods inventory from its Harrison, Arkansas facility. The balance of the charges will be incurred in the first quarter of fiscal 2012. The Company expects this divestiture and related closure of the Harrison, Arkansas facility will be accretive to net income, excluding the restructuring and impairment charges noted above, by approximately \$1.5 to \$2.0 million annually.

Steven Spinner, President and Chief Executive Officer of UNFI, commented, "After thorough analysis, we came to the conclusion that general merchandise and non-food products are not strategic to our business. By selling these non-core product lines and partnering with L&R Distributors to ensure a smooth transition for these customers, we will be positioned to completely focus our efforts on growing and expanding our natural, organic and specialty lines of business, while continuing to provide the highest level of service to our customers."

### Updates to Fiscal 2011 Guidance

As a result of these actions, the Company is revising its earnings per share guidance for fiscal 2011 to a range of \$1.55 to \$1.59 per diluted share. The Company's revised earnings per share guidance reflects the impact of the sale of its non-foods and general merchandise product lines to L&R Distributors, and the associated restructuring and impairment charges of approximately \$8.4 million to \$9.6 million expected to be incurred in the fourth quarter of fiscal 2011. The remaining restructuring charges are expected to be incurred in the first quarter of fiscal 2012. The Company had previously updated its fiscal 2011 earnings per share guidance to a range of \$1.67 to \$1.69 per diluted share in a press release issued on June 2, 2011.

### About United Natural Foods

United Natural Foods, Inc. ([www.unfi.com](http://www.unfi.com)) carries and distributes more than 60,000 products to more than 23,000 customer locations throughout the United States and Canada. 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 - 2010 as one of its "Most Admired Companies," winner of the Supermarket News 2008 Sustainability Excellence Award, and recognized by the Nutrition Business Journal for its 2009 Environment and Sustainability Award.

### About L&R Distributors, Inc.

L&R Distributors, Inc. is a privately-held, national distributor of specialty nonfood merchandise with over 60 years experience in categories such as cosmetics, general merchandise and health & beauty aids. L&R Distributors provides full retail solutions for over 30,000 items in regards to shipping, in-store service, resets, and inventory management and manages over 7,000 points of distribution to supermarkets, national and independent drug stores, mass retail stores and the military.

*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 and are based on current expectations and management estimates; actual results may differ materially. The risks and uncertainties which could impact these statements are described in the Company's filings under the Securities Exchange Act of 1934, as amended, including its annual report on Form 10-K filed with the Securities and Exchange Commission on September 27, 2010 and other filings the Company makes with the SEC, and include, but are not limited to, the Company's dependence on its principal customers; the Company's sensitivity to general economic conditions, including the current economic environment, changes in disposable income levels and consumer spending trends; the Company's ability to timely and successfully deploy its new warehouse*

*management system throughout its distribution facilities; increased fuel costs; the Company's sensitivity to inflationary pressures; the relatively low margins and economic sensitivity of the Company's business; the Company's ability to successfully deploy its operational initiatives in the Canadian market; the ability to identify and successfully complete acquisitions of other natural, organic and specialty food and related product distributors; the Company's ability to successfully consummate its pending divestiture of its non-foods and general merchandise lines of business within the expected timeframe currently contemplated; and management's allocation of capital and the timing of capital expenditures. 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 are based on a number of assumptions, many of which are outside the Company's control and 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.*

SOURCE United Natural Foods, Inc.