



## United Natural Foods, Inc. Announces Three-Year Distribution Agreement With Safeway Inc.

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United Natural Foods, Inc. (Nasdaq: UNFI) (the "Company") today announced that it has signed a three-year distribution agreement with Safeway Inc. (NYSE: SWY) ("Safeway"). A brief transition period from Safeway's current distributors is expected, which will coincide with the termination of the current distributors' distribution agreements. The Company will assume distribution to all of Safeway's banners in the United States for non-proprietary natural, organic and specialty products effective October 2011. The Company anticipates incremental annual volume from this contract will increase annual revenues by approximately 4% in fiscal 2012.

"We are pleased to establish a distribution relationship with Safeway and are excited about the opportunities this agreement provides," commented Sean Griffin, Senior Vice President, National Distribution of the Company. "Our ability to continue to gain market share reflects the ongoing efforts by all of our associates to service our customers' needs and further strengthens our position as the nation's leading distributor of natural, organic and specialty products. We are in the process of finalizing a transition plan with Safeway in order to provide them with excellent service levels and support, while ensuring there are no disruptions to any of our existing customers."

"We are looking forward to our new partnership with UNFI to provide the variety of specialty, natural, organic, and regionally relevant products that will meet our customers' needs," said Kelly Griffith, Safeway's President of Merchandising.

The Company will incur approximately \$1.5 million - \$2.5 million in total start-up expenses during the fourth quarter of fiscal 2011 and the first quarter of fiscal 2012 to transition this business. It is anticipated that approximately \$0.5 million to \$1.0 million in costs will occur in the fourth quarter of fiscal 2011, ended July 30, 2011, with the remaining costs being incurred in the first quarter of fiscal 2012.

### 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 Safeway

Safeway Inc. is a Fortune 100 company and one of the largest food and drug retailers in North America, based on sales. The company operates 1,692 stores in the United States and western Canada and had annual sales of \$41.1 billion in 2010. The company's common stock is traded on the New York Stock Exchange under the symbol SWY. For more information, visit [www.safeway.com](http://www.safeway.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 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 ability to successfully deploy its operational initiatives in the Canadian market; 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 ability to identify and successfully complete acquisitions of other natural, organic and specialty food and related product distributors; 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.*

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