United Natural Foods Announces 23% Increase in Net Revenue and $0.22 in Earnings Per Share, Excluding Special Items, a 42% Increase for the Third Quarter of Fiscal 2004

June 1, 2004

Reports Record Sales of $449 Million in the Third Quarter of Fiscal 2004

DAYVILLE, Conn., June 1 /PRNewswire-FirstCall/ -- United Natural Foods, Inc. (Nasdaq: UNFI) today reported net income of $9.2 million for the third quarter of fiscal 2004, ended April 30, 2004, or $0.22 per share on a diluted basis, excluding special items. Net income for the third quarter of fiscal 2004, including special items, was $8.6 million, or $0.21 per share on a diluted basis.

Net sales for the third quarter of fiscal 2004 were $448.9 million, an increase of $85.3 million, or 23.5%, from the $363.6 million recorded in the third quarter of fiscal 2003. This increase included growth in the supernatural, conventional mass market and independent channels of 44%, 20% and 9%, respectively.

Net income for the third quarter of fiscal 2004, excluding the effect of special items, increased 48.7% to $9.2 million, or $0.22 per diluted share, compared to $6.2 million, or $0.16 per diluted share, excluding special items, for the quarter ended April 30, 2003. The special items for the third quarter of fiscal 2004 consisted of certain equipment rental and labor costs recorded in the third quarter of fiscal 2004 for start-up and transition costs associated with implementing the Company's primary distribution relationship with Wild Oats Market, Inc. In the third quarter of 2003, a special non-cash expense item was recorded related to the change in fair value of certain interest rate swaps and the related option agreements, and certain costs relating to the expansion of the Chesterfield facility. Net income for the third quarter of fiscal 2004, including the effect of special items, increased 49.0% to $8.6 million, or $0.21 per diluted share, compared to $5.8 million, or $0.15 per diluted share, for the quarter ended April 30, 2003.

The following table details the amounts and effects of these special items:

Quarter Ended April 30, 2004 (in thousands, except per share data)	Pretax Income	Net of Tax	Per diluted share
Income, excluding special items:	$15,115	$9,220	$0.22
Special items - Income/(Expense) Related to the transition to the primary distributorship for Wild Oats Market, Inc. (included in operating expenses)	(1,010)	(616)	(0.01)
Income, including special items:	$14,105	$8,604	$0.21

Quarter Ended April 30, 2003 (in thousands, except per share data)	Pretax Income	Net of Tax	Per diluted share
Income, excluding special items:	$10,162	$6,199	$0.16
Special items - Income/(Expense) Interest rate swap and related agreements (included in change in fair value of financial instruments)	(360)	(220)	(0.01)
Costs related to the Chesterfield expansion (included in operating expenses)	(336)	(205)	(0.01)
Income, including special items:	$9,466	$5,774	$0.15*

* Total reflects rounding

The non-cash item from the change in fair value on interest rate swap agreements was caused by unfavorable changes in interest rate yield curves during the quarter ended April 30, 2003. The costs related to the expansion of the Chesterfield facility were primarily labor related.

On March 17, 2004, the Company's Board of Directors approved a two-for-one split of the Company's common stock that was payable in the form of a

stock dividend. Stockholders received one additional share of the Company's common stock for each share of common stock held on the record date of March 29, 2004. The split became effective on April 20, 2004. The applicable share and per-share data for all periods included herein have been restated to give effect to this stock split.

As previously reported, the Company entered into an amended and restated four-year $250 million revolving credit facility with a bank group that was led by Bank of America Business Capital (formerly Fleet Capital Corporation) as the administrative agent, effective April 30, 2004. The amended and restated credit facility provides for improved terms and conditions that provide the Company with more financial flexibility and reduced costs, as well as increased liquidity. The new credit facility replaces an existing $150 million revolving credit facility. The Company's outstanding commitments under the amended and restated credit facility as of April 30, 2004 were approximately $123 million.

Comments from Management

Commenting on the third quarter results, Steven Townsend, Chief Executive Officer, said, "We achieved another strong quarter of financial results reflecting the efforts of a well-focused team and the successful execution of our sales strategies designed to meet the growing demand for natural and organic products. Our results are highlighted by solid gains in net sales, net income and earnings per share, all indicators that our sales, marketing and operational plans are on target. We remain focused on serving a broad customer base and are pleased to realize sales growth of 23.5% and comparable sales growth of 15.1%, excluding sales to Wild Oats Markets. We remain committed to meeting the needs of all of our customers while consistently providing superior service levels across our entire distribution network."

Mr. Townsend added, "We are also very pleased with our continued progress to improve our operating margins. Excluding special items, our fiscal 2004 third quarter operating margin was 3.7%, up 40 basis points from the same period last year."

Raises Fiscal 2004 Guidance

The Company is raising its guidance for revenue for fiscal year ended July 31, 2004 to $1.62 to $1.64 billion from $1.60 to $1.62 billion, and raising the guidance on earnings per share, excluding special items, to $0.74 to $0.77 from $0.73 to $0.76 per diluted share.

Conference Call

Management will conduct a conference call and audio webcast at 11:00 a.m. ET on June 1, 2004 to review the Company's quarterly results, market trends and future outlook. The conference call dial-in number is 303-262-2211 or 800-218-0204. The audio webcast will be available, on a listen only basis, via the Internet at http://www.fulldisclosure.com or at the Investor Relations section of the Company's website, http://www.unfi.com . Please allow extra time to the webcast to visit the site and download any software required 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 over 35,000 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. For more information on United Natural Foods, Inc., visit the Company's website at http://www.unfi.com .

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"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 quarterly report on Form 10-Q filed with the Commission on March 16, 2004, 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 a GAAP basis, the Company uses non-GAAP additional measures of operating results, net earnings 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 generally accepted accounting principles in the United States of America. A comparison and reconciliation from non-GAAP to GAAP results is included in the tables within this release.

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share data)	QUARTERS ENDED APRIL 30, 2004	2003	NINE MONTHS ENDED APRIL 30, 2004	2003

Net sales	$448,900	$363,611	$1,223,530	$1,013,050
Cost of sales	361,323	290,056	980,995	812,574
Gross profit	87,577	73,555	242,535	200,476
Operating expenses	71,388	61,930	199,706	167,949
Amortization of intangibles	676	130	1,142	234
Total operating expenses	72,064	62,060	200,848	168,183
Operating income	15,513	11,495	41,687	32,293
Other expense (income):				
Interest expense	1,536	1,811	5,990	5,729
Change in fair value of financial instruments	-	360	(704)	1,839
Other, net	(128)	(142)	(358)	(562)
Total other expense	1,408	2,029	4,928	7,006
Income before income taxes	14,105	9,466	36,759	25,287
Income taxes	5,501	3,692	14,336	10,020
Net income	$8,604	$5,774	$22,423	$15,267
Per share data (basic):				
Net income	$0.22	$0.15	$0.57	$0.40
Weighted average basic shares of common stock	39,648	38,483	39,296	38,310
Per share data (diluted):				
Net income	$0.21	$0.15	$0.55	$0.39
Weighted average diluted shares of common stock	41,344	39,500	40,813	39,271

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)	APRIL 30, 2004 (UNAUDITED)	JULY 31, 2003 (UNAUDITED)
ASSETS		
Current assets:		
Cash	$8,802	$3,645
Accounts receivable, net	110,094	90,111
Notes receivable, trade, net	690	585
Inventories	203,715	158,263
Prepaid expenses	5,672	5,706
Deferred income taxes	6,004	6,455
Refundable income taxes	-	704
Total current assets	334,977	265,469
Property & equipment, net	112,125	101,238
Other assets:		
Goodwill	57,242	57,400
Notes receivable, trade, net	2,264	1,261

Intangible assets, net	168	1,014
Other, net	3,532	3,717
Total assets	$510,308	$430,099
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable - line of credit	$114,514	$96,170
Accounts payable	96,531	67,187
Accrued expenses and other current liabilities	24,877	26,347
Current portion of long-term debt	4,597	4,459
Current portion of obligations under capital leases	512	903
Financial instruments	-	6,104
Income taxes payable	61	-
Total current liabilities	241,092	201,170
Long-term debt, excluding current portion	45,367	38,507
Deferred income taxes	2,247	2,247
Obligations under capital leases, excluding current portion	244	612
Total liabilities	288,950	242,536
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, authorized 5,000 shares at January 31, 2004 and July 31, 2003, respectively; none issued and outstanding		
Common stock, $0.01 par value, authorized 50,000 shares; issued and outstanding 39,877 and 19,510 at April 30, 2004 and July 31, 2003, respectively	399	195
Additional paid-in capital	97,211	86,068
Unallocated shares of ESOP	(1,809)	(1,931)
Accumulated other comprehensive income	335	432
Retained earnings	125,222	102,799
Total stockholders' equity	221,358	187,563
Total liabilities and stockholders' equity	$510,308	$430,099

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED APRIL 30,	
(In thousands)	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$22,423	$15,267
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,807	7,663
Change in fair value of financial instruments	(704)	1,839
Gains on disposals of property & equipment	(61)	(18)
Provision for doubtful accounts	2,521	1,952
Changes in assets and liabilities, net of acquired companies:		
Accounts receivable	(22,504)	(2,279)
Inventory	(45,345)	(6,575)
Prepaid expenses and other assets	1,050	(2,155)
Notes receivable, trade	(1,108)	31
Accounts payable	29,344	9,606

Accrued expenses	(968)	806
Income taxes payable	61	2,651
Financial instruments	(5,400)	-
Tax effect of stock options	3,870	846
Net cash (used in) provided by operating activities	(8,014)	29,635
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of acquired businesses, net of cash acquired	(6)	(43,964)
Proceeds from disposals of property and equipment	202	60
Capital expenditures	(18,989)	(14,975)
Net cash used in investing activities	(18,793)	(58,879)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under note payable	18,344	(9,267)
Proceeds from issuance of long-term debt	10,204	30,954
Repayments on long-term debt	(3,302)	(1,282)
Principal payments of capital lease obligations	(759)	(1,002)
Proceeds from exercise of stock options	7,477	3,613
Net cash provided by financing activities	31,964	23,016
NET INCREASE (DECREASE) IN CASH	5,157	(6,228)
Cash at beginning of period	3,645	11,184
Cash at end of period	$8,802	$4,956
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$5,788	$5,591
Income taxes, net of refunds	$9,686	$4,598

SOURCE United Natural Foods, Inc. -0- 06/01/2004 /CONTACT: Rick Puckett, Chief Financial Officer of United Natural Foods, Inc., +1-860-779-2800; or for General Information, Joseph Calabrese of Financial Relations Board, +1-212-445-8434/ (UNFI) CO: United Natural Foods, Inc. ST: Connecticut, New York