

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

	<u>July 29, 2017</u>	<u>July 30, 2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,414	\$ 18,593
Accounts receivable, net of allowance of \$13,939 and \$9,638, respectively	525,636	489,708
Inventories	1,031,690	1,021,663
Deferred income taxes	40,635	35,228
Prepaid expenses and other current assets	49,295	45,998
Total current assets	<u>1,662,670</u>	<u>1,611,190</u>
Property and equipment, net	602,090	616,605
Goodwill	371,259	366,168
Intangible assets, net of accumulated amortization of \$49,926 and \$34,315, respectively	208,289	222,314
Other assets	42,255	35,878
Total assets	<u><u>\$ 2,886,563</u></u>	<u><u>\$ 2,852,155</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 534,616	\$ 445,430
Accrued expenses and other current liabilities	157,243	162,438
Current portion of long-term debt	12,128	11,854
Total current liabilities	<u>703,987</u>	<u>619,722</u>
Notes payable	223,612	426,519
Deferred income taxes	98,833	95,220
Other long-term liabilities	28,347	29,451
Long-term debt, excluding current portion	149,863	161,739
Total liabilities	<u>1,204,642</u>	<u>1,332,651</u>
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 5,000 shares; none issued or outstanding	—	—
Common stock, \$0.01 par value, authorized 100,000 shares; 50,622 issued and outstanding shares at July 29, 2017; 50,383 issued and outstanding shares at July 30, 2016	506	504
Additional paid-in capital	460,011	436,167
Accumulated other comprehensive loss	(13,963)	(22,379)
Retained earnings	1,235,367	1,105,212
Total stockholders' equity	<u>1,681,921</u>	<u>1,519,504</u>
Total liabilities and stockholders' equity	<u><u>\$ 2,886,563</u></u>	<u><u>\$ 2,852,155</u></u>

See accompanying notes to consolidated financial statements.

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

	Fiscal year ended		
	July 29, 2017	July 30, 2016	August 1, 2015
Net sales	\$ 9,274,471	\$ 8,470,286	\$ 8,184,978
Cost of sales	7,845,550	7,190,935	6,924,463
Gross profit	1,428,921	1,279,351	1,260,515
Operating expenses	1,196,032	1,049,690	1,017,755
Restructuring and asset impairment expenses	6,864	5,552	803
Total operating expenses	1,202,896	1,055,242	1,018,558
Operating income	226,025	224,109	241,957
Other expense (income):			
Interest expense	17,114	16,259	14,498
Interest income	(360)	(1,115)	(356)
Other, net	(5,152)	743	(1,954)
Total other expense, net	11,602	15,887	12,188
Income before income taxes	214,423	208,222	229,769
Provision for income taxes	84,268	82,456	91,035
Net income	\$ 130,155	\$ 125,766	\$ 138,734
Basic per share data:			
Net income	\$ 2.57	\$ 2.50	\$ 2.77
Weighted average basic shares of common stock	50,570	50,313	50,021
Diluted per share data:			
Net income	\$ 2.56	\$ 2.50	\$ 2.76
Weighted average diluted shares of common stock	50,775	50,399	50,267

See accompanying notes to consolidated financial statements.

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

	Fiscal year ended		
	July 29, 2017	July 30, 2016	August 1, 2015
<i>(In thousands)</i>			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 130,155	\$ 125,766	\$ 138,734
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	86,051	71,006	63,800
Deferred income tax (benefit) expense	(1,891)	12,480	15,339
Share-based compensation	25,675	15,308	13,981
Excess tax deficit (benefit) from share-based payment arrangements	1,320	83	(2,746)
Loss (gain) on disposals of property and equipment	943	458	(499)
Restructuring and asset impairment	640	758	803
Gain associated with acquisition of land	—	—	(2,824)
Gain associated with disposal of investment	(6,106)	—	—
Provision for doubtful accounts	5,728	6,426	5,059
Non-cash interest (income) expense	175	(106)	389
Changes in assets and liabilities, net of acquired companies:			
Accounts receivable	(38,757)	29,417	(42,257)
Inventories	(6,929)	2,113	(153,701)
Prepaid expenses and other assets	(6,383)	5,381	4,541
Accounts payable	90,217	14,379	16,001
Accrued expenses and other liabilities	(62)	13,140	(7,756)
Net cash provided by operating activities	<u>280,776</u>	<u>296,609</u>	<u>48,864</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(56,112)	(41,375)	(129,134)
Purchases of acquired businesses, net of cash acquired	(9,207)	(306,724)	(8,036)
Long-term investment	(2,000)	—	(3,000)
Proceeds from disposal of investment	9,192	—	—
Payment of company owned life insurance premiums	(2,000)	(2,925)	(2,925)
Proceeds from disposals of property and equipment	168	109	1,026
Net cash used in investing activities	<u>(59,959)</u>	<u>(350,915)</u>	<u>(142,069)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings under revolving credit line	215,662	709,972	728,316
Repayments of borrowings under revolving credit line	(418,693)	(646,481)	(779,461)
Proceeds from borrowings of long-term debt	—	—	150,000
Repayments of long-term debt	(11,546)	(11,255)	(11,197)
(Decrease) increase in bank overdraft	(7,445)	6,063	5,003
Proceeds from exercise of stock options	274	2,011	3,415
Payment of employee restricted stock tax withholdings	(1,313)	(1,717)	(2,430)
Excess tax (deficit) benefit from share-based payment arrangements	(1,320)	(83)	2,746
Capitalized debt issuance costs	(180)	(2,164)	(1,965)
Net cash (used in) provided by financing activities	<u>(224,561)</u>	<u>56,346</u>	<u>94,427</u>
Effect of exchange rate changes on cash and cash equivalents	<u>565</u>	<u>(827)</u>	<u>42</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(3,179)</u>	<u>1,213</u>	<u>1,264</u>
Cash and cash equivalents at beginning of period	<u>18,593</u>	<u>17,380</u>	<u>16,116</u>
Cash and cash equivalents at end of period	<u>\$ 15,414</u>	<u>\$ 18,593</u>	<u>\$ 17,380</u>
<i>Supplemental disclosures of cash flow information:</i>			
Non-cash financing activity	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,088</u>
Non-cash investing activity	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,088</u>
Cash paid for interest	<u>\$ 17,115</u>	<u>\$ 16,696</u>	<u>\$ 14,632</u>
Cash paid for federal and state income taxes, net of refunds	<u>\$ 78,984</u>	<u>\$ 67,028</u>	<u>\$ 72,357</u>

See accompanying notes to consolidated financial statements.