

UNITED NATURAL FOODS INC  
Form PRE 14A  
October 28, 2005  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**United Natural Foods, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 

(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4)	Proposed maximum aggregate value of transaction:
(5)	Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 

(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**



**UNITED NATURAL FOODS, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON DECEMBER 8, 2005**

Dear Stockholder:

You are hereby cordially invited to attend the 2005 Annual Meeting of Stockholders of United Natural Foods, Inc., which will be held on Thursday, December 8, 2005 at 11:00 a.m. (local time) at the Providence Marriott Downtown at 1 Orms Street, Providence, Rhode Island 02904, and any adjournments or postponements of the annual meeting. For your convenience, we are offering a live webcast of the annual meeting at the Investor Relations section of our website at [www.unfi.com](http://www.unfi.com).

We are holding the annual meeting for the following purposes:

1. To elect two members to our Board of Directors to serve as Class III directors, each for a term of three years.
2. To approve an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 50,000,000 shares to 100,000,000 shares.
3. To ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending July 29, 2006.
4. To transact such other business as may properly come before the annual meeting or any adjournments or postponements of the annual meeting.

These matters are more fully described in the attached proxy statement, which is made a part of this notice. We are not aware of any other business to be transacted at the annual meeting.

Only stockholders of record on our books at the close of business on Monday, October 10, 2005 will be entitled to vote at the annual meeting and any adjournments or postponements of the annual meeting. For 10 days prior to the annual meeting, a list of stockholders entitled to vote will be available for inspection at our principal executive offices located at 260 Lake Road, Dayville, Connecticut 06241, and will also be available at the annual meeting. If you would like to view the stockholder list, please call our Investor Relations Department at (860) 779-6532 to schedule an appointment.

A copy of our 2005 Annual Report to Stockholders, which contains our consolidated financial statements for the fiscal year ended July 31, 2005, and other information of interest to stockholders, accompanies this notice and the attached proxy statement.

By Order of the Board of Directors,  
Steven H. Townsend,  
*Chair of the Board*

October 27, 2005

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING ENVELOPE. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.**

---

**UNITED NATURAL FOODS, INC.**

260 Lake Road  
Dayville, Connecticut 06241

---

**PROXY STATEMENT**

---

**FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON DECEMBER 8, 2005**

This proxy statement is being furnished in connection with the solicitation of proxies by the Board of Directors for use at the 2005 Annual Meeting of Stockholders to be held on Thursday, December 8, 2005 at 11:00 a.m. (local time) at the Providence Marriott Downtown at 1 Orms Street, Providence, Rhode Island 02904, and any adjournments or postponements of the annual meeting. The proxy is being solicited for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. We will bear the cost of soliciting the proxies.

**Record Date and Share Ownership**

Only stockholders of record on our books at the close of business on Monday, October 10, 2005 will be entitled to vote at the annual meeting and any adjournments or postponements of the annual meeting. As of the close of business on October 10, 2005, we had 41,422,785 shares of common stock outstanding. Each share of common stock entitles the record holder to one vote on each matter to be voted upon at the annual meeting. Copies of the Notice of Annual Meeting of Stockholders, this proxy statement, the enclosed proxy card and our Annual Report to Stockholders for the fiscal year ended July 31, 2005, will be mailed to stockholders of record on or about November 7, 2005.

We will, upon written request of any stockholder, furnish without charge a copy of our Annual Report on Form 10-K for the fiscal year ended July 31, 2005, as filed with the Securities and Exchange Commission, without exhibits. Please address all such requests to the Attention of Mark Shamber, Vice President and Corporate Controller, United Natural Foods, Inc., 260 Lake Road, Dayville, Connecticut 06241. Exhibits will be provided upon written request and payment of an appropriate processing fee.

**Submitting and Revoking Your Proxy**

If you complete and submit a proxy, the persons named as proxies will vote the shares represented by your proxy in accordance with your instructions. If you submit a proxy but do not complete the voting instructions, the persons named as proxies will vote the shares represented by your proxy as follows:

- **FOR** the election of Michael S. Funk and James P. Heffernan as Class III directors;
- **FOR** the amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 50,000,000 shares to 100,000,000 shares; and
- **FOR** the ratification of the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending July 29, 2006.

If other matters come before the annual meeting, the persons named as proxies will vote on such matters in accordance with their best judgment. We have not received any notice of other matters that may properly be presented at the annual meeting. You may revoke your proxy at any time prior to the start of the annual meeting by delivering written instructions to our corporate secretary at 260 Lake Road, Dayville, Connecticut 06241. Attendance at the annual meeting will not itself be deemed to revoke your proxy unless you give notice at the annual meeting that you intend to revoke your proxy and vote in person.

If you participate in our Employee Stock Ownership Plan (the *Plan*), the enclosed proxy card will serve as a voting instruction for Robert Huckins, the trustee of the Plan. If Mr. Huckins does not receive

voting instructions for your shares, he will vote your shares in the same proportion as other plan participants' shares for which voting instructions have been received. You must submit your voting instructions to Mr. Huckins by the close of business on December 5, 2005 to allow him time to receive your voting instructions. Mr. Huckins will vote unallocated shares of common stock in the plan in the same proportion as participants have directed the trustee to vote their allocated shares of common stock.

If you participate in the United Natural Foods, Inc. Company Stock Fund through our 401(k) savings plan, the enclosed proxy card will serve as a voting instruction for Fidelity Management Trust Company ( *Fidelity* ), the trustee of the plan. If Fidelity does not receive voting instructions for your shares, it will vote your shares in the same proportion as other plan participants' shares for which voting instructions have been received. You must submit your voting instructions to Fidelity by the close of business on December 5, 2005 to allow it time to receive your voting instructions.

In addition to solicitations by mail, our directors, officers and employees may, without additional remuneration, solicit proxies by telephone, facsimile and personal interviews. We will request brokerage houses, custodians, nominees and fiduciaries to forward copies of the proxy material to those persons for whom they hold shares and request instructions for voting the proxies. We will reimburse such brokerage houses and other persons for their reasonable expenses in connection with this distribution.

### **Votes Required**

Presence in person or by proxy of a majority of the shares of common stock outstanding on the record date will be required for a quorum. Shares of common stock present in person or represented by proxy (including shares that abstain or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum exists at the annual meeting.

The affirmative vote of the holders of a plurality of the votes cast by stockholders entitled to vote at the annual meeting is required for the election of directors. The affirmative vote of the holders of a majority of the outstanding shares of common stock is required for the approval of the amendment to our Amended and Restated Certificate of Incorporation. The affirmative vote of the holders of a majority of the outstanding shares of common stock present or represented by proxy and voting on the matter is required for the ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal year 2006.

Shares that abstain from voting as to a particular matter, and shares held in *street name* by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter, will not be counted as votes in favor of such matter, and will also not be counted as votes cast or shares voting on such matter. Accordingly, abstentions and *broker non-votes* will have no effect on the voting on a matter that requires the affirmative vote of a certain percentage of the votes cast, although such votes will count for quorum purposes. However, in determining whether the proposal to approve the amendment to our Amended and Restated Certificate of Incorporation has received the requisite number of votes, abstentions and broker non-votes will be treated as outstanding shares and, accordingly, will have the same effect as a vote against such proposal.

### **Webcast of Annual Meeting**

We are pleased to offer a webcast of the annual meeting. If you choose to participate in the annual meeting by means of the webcast, go to the Investor Relations section of our website at [www.unfi.com](http://www.unfi.com) shortly before the annual meeting is scheduled to begin and follow the instructions provided. The conference call dial-in number is (303) 262-2137. You will be able to participate in the annual meeting by submitting questions directly from the broadcast site. However, you will not be able to vote your shares of common stock during the webcast. If you plan to listen to the webcast, please return the enclosed proxy by

December 5, 2005 so that the persons named as proxies can vote the shares represented by your proxy in accordance with your instructions at the annual meeting.

### Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of shares of our common stock as of October 10, 2005 by (i) each person or entity known by us to own beneficially more than 5% of the outstanding shares of our common stock, (ii) each member of our Board of Directors, (iii) our executive officers named in the Summary Compensation Table below and (iv) all of our directors and executive officers as a group.

Name and Address of Beneficial Owner(1)	Number of Shares Beneficially Owned	Percentage Ownership(2)
FMR Corp.	6,019,428	14.5 %
Employee Stock Ownership Trust(3)	3,060,508	7.4 %
Steven H. Townsend(4)	464,782	1.1 %
Daniel V. Atwood(5)	295,867	0.7 %
Thomas B. Simone(6)	136,600	0.3 %
Gordon D. Barker(7)	101,300	0.2 %
James P. Heffernan(8)	97,300	0.2 %
Richard Antonelli(9)	97,191	0.2 %
Michael S. Funk(10)	83,072	0.2 %
Rick D. Puckett(11)	79,853	0.2 %
Joseph M. Cianciolo(12)	55,300	0.1 %
Michael D. Beaudry(13)	39,807	0.1 %
Gail A. Graham(14)	33,800	0.1 %
Gary A. Glenn(15)	31,721	0.1 %
Thomas Dziki(16)	23,865	0.1 %
Mark E. Shamber(17)	14,298	*
All executive officers and directors, as a group (14 persons)(18)	1,564,372	3.8 %

(1) The address for each listed director and officer is c/o United Natural Foods, Inc., 260 Lake Road, Dayville, Connecticut 06241. The address for the Employee Stock Ownership Trust is c/o Robert G. Huckins, Trustee, 19404 Camino Del Aguila, Escondido, CA 92025. The address for FMR Corp. is 82 Devonshire Street, Boston, MA 02109.

(2) The number of shares of common stock beneficially owned by each stockholder is determined under rules promulgated by the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after October 10, 2005 through the exercise of any stock option or other right. The inclusion herein of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares. Unless otherwise indicated, each person or entity named in the table has sole voting power and investment power (or shares such power with his or her spouse) with respect to all shares of capital stock listed as owned by such person or entity.

(3) The Employee Stock Ownership Trust ( *ESOT* ) disclaims beneficial ownership of the allocated shares of common stock in the Employee Stock Ownership Plan ( *ESOP* ) to the extent that the beneficial ownership of such shares is attributable to participants in the ESOP.

- (4) Includes 351,556 shares of common stock issuable upon the exercise of stock options, 3,380 shares of common stock held in trust by the ESOT and allocated to Mr. Townsend under the ESOP, the equivalent of 1,626 shares of common stock allocated to Mr. Townsend under the United Natural Foods, Inc. 401(k) plan's UNFI Company Stock Fund, and 19,582 shares of common stock held by Mr. Townsend's wife.
- (5) Includes 129,500 shares of common stock issuable upon the exercise of stock options and 47,861 shares of common stock held in trust by the ESOT and allocated to Mr. Atwood under the ESOP.
- (6) Includes 106,600 shares of common stock issuable upon the exercise of stock options and 30,000 shares held by the Thomas B. Simone and Shirley A. Simone 1990 Family Trust Agreement, as amended April 7, 1998, of which Mr. Simone and his wife are co-trustees.
- (7) Includes 101,300 shares of common stock issuable upon the exercise of stock options.
- (8) Includes 95,300 shares of common stock issuable upon the exercise of stock options.
- (9) Includes 95,000 shares of common stock issuable upon the exercise of stock options and 2,191 shares of common stock held in trust by the ESOT and allocated to Mr. Antonelli under the ESOP.
- (10) Includes 75,800 shares of common stock issuable upon the exercise of stock options.
- (11) Consists of 77,500 shares of common stock issuable upon the exercise of stock options, the equivalent of 317 shares of common stock allocated to Mr. Puckett under the United Natural Foods, Inc. 401(k) plan's UNFI Company Stock Fund, and 836 shares of common stock held in trust by the ESOT and allocated to Mr. Puckett under the ESOP.
- (12) Includes 53,300 shares of common stock issuable upon the exercise of stock options and 2,000 shares of common stock held for the benefit of Mr. Cianciolo in an individual retirement account.
- (13) Includes 35,000 shares of common stock issuable upon the exercise of stock options, the equivalent of 2,742 shares of common stock allocated to Mr. Beaudry under the United Natural Foods, Inc. 401(k) plan's UNFI Company Stock Fund, and 2,065 shares of common stock held in trust by the ESOT and allocated to Mr. Beaudry under the ESOP.
- (14) Consists of 33,300 shares of common stock issuable upon the exercise of stock options.
- (15) Consists of 30,000 shares of common stock issuable upon the exercise of stock options, and 1,721 shares of common stock held in trust by the ESOT and allocated to Mr. Glenn under the ESOP.
- (16) Includes 21,500 shares of common stock issuable upon the exercise of stock options, the equivalent of 312 shares of common stock allocated to Mr. Dziki under the United Natural Foods, Inc. 401(k) plan's UNFI Company Stock Fund, and 553 shares of common stock held in trust by the ESOT and allocated to Mr. Dziki under the ESOP.
- (17) Includes 13,750 shares of common stock issuable upon the exercise of stock options, the equivalent of 246 shares of common stock allocated to Mr. Shamber under the United Natural Foods, Inc. 401(k) plan's UNFI Company Stock Fund, and 302 shares of common stock held in trust by the ESOT and allocated to Mr. Shamber under the ESOP.
- (18) Includes 1,219,406 shares of common stock issuable upon the exercise of stock options, the equivalent of 5,242 shares of common stock allocated to executive officers under the United Natural Foods, Inc. 401(k) plan's UNFI Company Stock Fund, and 56,717 shares of common stock held in trust by the ESOT and allocated to executive

officers under the ESOP.

4

---



## CORPORATE GOVERNANCE

We have closely monitored the recent developments relating to the corporate governance of public corporations, including the passage of the Sarbanes-Oxley Act of 2002 and the revised corporate governance proposals promulgated by The NASDAQ Stock Market. The Board of Directors has consulted with our legal counsel and independent registered public accounting firm to evaluate our current corporate governance and other practices in light of these developments. Our policies and practices reflect corporate governance initiatives that are compliant with the listing requirements of The NASDAQ Stock Market and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

- The Board of Directors has adopted clear corporate governance policies;
- A majority of the members of the Board of Directors are independent;
- All members of the key board committees the Audit Committee, the Compensation Committee and the Nominating and Governance Committee are independent;
- The independent members of the Board of Directors meet regularly without the presence of management;
- We have a clear code of business conduct and corporate governance;
- The charters of the committees of the Board of Directors clearly establish their respective roles and responsibilities;
- The Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal controls or auditing matters; and
- We have adopted a code of ethics that applies to our principal executive officers and all members of our finance department, including the principal financial officer and principal accounting officer.

We maintain a corporate governance page on our website that includes key information about our corporate governance initiatives, including the written charters of each of our Audit Committee, Compensation Committee and the Nominating and Governance Committee. The current Compensation Committee charter is attached to this proxy statement as Appendix A. The corporate governance page can be found at [www.unfi.com](http://www.unfi.com), by clicking on Investor Relations and then Corporate Governance.

**PROPOSAL 1 ELECTION OF DIRECTORS****Directors and Nominees for Director**

We have a classified Board of Directors currently consisting of three Class I directors (Richard Antonelli, Joseph M. Cianciolo and Stephen H. Townsend), three Class II directors (Gordon D. Barker, Gail A. Graham and Thomas B. Simone), and two Class III directors (Michael S. Funk and James P. Heffernan). The Class I, Class II and Class III directors will serve until the annual meeting of stockholders to be held in 2006, 2007 and 2008, respectively, and until their respective successors are elected and qualified. At each annual meeting of stockholders, directors are elected for a full term of three years to succeed those whose terms are expiring.

The persons named in the enclosed proxy will vote to elect Michael S. Funk and James P. Heffernan as Class III directors, unless your proxy is marked otherwise. Messrs. Funk and Heffernan are currently Class III directors.

The Class III directors will be elected to hold office until the annual meeting of stockholders to be held in 2008 and until their successors are elected and qualified. Each nominee has indicated his willingness to serve, if elected. If any nominee should be unable to serve, the person acting under the proxy may vote the proxy for a substitute nominee. We have no reason to believe any of the nominees will be unable to serve if elected.

For each member of the Board of Directors, including the nominees for election as Class III directors, there follows information given by each concerning his principal occupation and business experience for the past five years, the names of other publicly held companies of which he serves as a director and his age and length of service as a director:

Class/Name	Age	Position
<b>Class I:</b>		
Richard Antonelli	48	President of United Distribution and Director
Joseph M. Cianciolo(1)(2)	66	Director and Chair of the Audit Committee
Steven H. Townsend	52	Chair of the Board and Director
<b>Class II:</b>		
Gordon D. Barker(1)(2)(3)	59	Director and Chair of the Compensation Committee
Gail A. Graham(1)(2)(3)	54	Director
Thomas B. Simone(2)(3)	63	Lead Independent Director, Vice Chair of the Board and Chair of the Nominating and Governance Committee
<b>Class III:</b>		
Michael S. Funk	51	President, Chief Executive Officer and Director
James P. Heffernan(1)(2)(3)	59	Director

- (1) Member of the Audit Committee.
- (2) Member of the Nominating and Governance Committee.
- (3) Member of the Compensation Committee.

**Richard Antonelli** has served as a member of the Board of Directors since December 2003 and as President of United Distribution since October 2004. Mr. Antonelli served as President of the Western Region from January 2004 to October 2004, and as President of the Eastern Region from September 2002 to December 2003. Mr. Antonelli served as president of Fairfield Farm Kitchens, a Massachusetts-based custom food manufacturer, from August 2001 until August 2002. Mr. Antonelli served as our Director of Sales from April 1985 until July 2001.

**Gordon D. Barker** has served as a member of our Board of Directors since September 1999. Mr. Barker serves as the Chair of the Compensation Committee and as a member of the Audit Committee and the Nominating and Governance Committee. Mr. Barker has served as President of Barker Holdings, LLC since January 2004. Mr. Barker served as Chief Executive Officer of Snyder's Drug Stores, Inc. from October 1999 to March 2004. Snyder's Drug Stores, Inc. filed for Chapter 11 bankruptcy in September 2003. Snyder's emerged from this filing in March 2004. Mr. Barker served as the principal of Barker Enterprises, an investment and consultant firm, from January 1997 until September 1999. Mr. Barker also serves on the Board of Directors of The Sports Authority, Inc. and NuMedics, Inc.

**Joseph M. Cianciolo** has served as a member of our Board of Directors since September 1999. Mr. Cianciolo serves as Chair of the Audit Committee and as a member of the Nominating and Governance Committee. Mr. Cianciolo served as the Managing Partner of KPMG LLP, Providence, Rhode Island Office, from June 1990 until June 1999. Mr. Cianciolo also serves on the Board of Directors of Nortek, Inc.

**Michael S. Funk** has served as a member of our Board of Directors since February 1996 and as our President and Chief Executive Officer since October 2005. Mr. Funk served as Chair of our Board of Directors from January 2003 to December 2003, as Vice Chair of our Board of Directors from February 1996 until December 2002, as our Chief Executive Officer from December 1999 until December 2002 and as our President from October 1996 until December 1999. Since its inception in July 1976 until April 2001, Mr. Funk served as President of Mountain People's Warehouse, Inc., one of our wholly-owned subsidiaries. Mr. Funk is a nominee to serve as a Class III director.

**Gail A. Graham** has served as a member of our Board of Directors since October 2002. Ms. Graham serves as a member of the Audit Committee, the Nominating and Governance Committee and the Compensation Committee. Ms. Graham has served as the General Manager of Mississippi Market Natural Foods Cooperative, a consumer owned and controlled cooperative in St. Paul, Minnesota, since October 1999. From August 1986 until October 1999, Ms. Graham served as General Manager of Seward Co-op Grocery & Deli, a community-owned natural food store in Minneapolis, Minnesota. Ms. Graham served as Vice Chair of the Board of Directors of Blooming Prairie Cooperative Warehouse from November 1994 until October 1998 and from November 2000 until October 2002. Ms. Graham served as the Chair of the Board of Directors of Blooming Prairie Cooperative Warehouse from November 1998 until October 2000. Ms. Graham resigned from the Board of Directors of Blooming Prairie Cooperative Warehouse in October 2002, concurrent with her appointment to our Board of Directors.

**James P. Heffernan** has served as a member of our Board of Directors since March 2000. Mr. Heffernan serves as a member of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Mr. Heffernan has served as a Trustee for the New York Racing Association since November 1998. Mr. Heffernan served as a member of the Board of Directors of Columbia Gas System, Inc. from January 1993 until November 2000. Mr. Heffernan is a nominee to serve as a Class III director.

**Thomas B. Simone** has served as Lead Independent Director since December 2003, the Vice Chair of our Board of Directors since January 2003 and as a member of our Board of Directors since October 1996. Mr. Simone served as Chair of our Board of Directors from December 1999 until December 2002. Mr. Simone is the Chair of the Nominating and Governance Committee and is a member of the



Compensation Committee. Mr. Simone has served as President and Chief Executive Officer of Simone & Associates, LLC and its predecessor company, each a healthcare and natural products investment and consulting company, since April 1994. Mr. Simone also serves on the Board of Directors of Spectrum Organic Products, Inc and nSpired Natural Foods, Inc.

*Steven H. Townsend* has served as Chair of our Board of Directors since December 2003 and as a member of our Board of Directors since December 2000. He served as our President from April 2001 and as our Chief Executive Officer from January 2003 until, in each case, October 2005. Mr. Townsend served as President of our Eastern Region from January 2000 until October 2002. He also served on the Board of Directors of our predecessor company, Cornucopia Natural Foods, from August 1988 until October 1996, as its Vice President of Finance and Administration from July 1983 until May 1995, and as its Chief Financial Officer from June 1995 until December 1997. Mr. Townsend was self-employed as a real estate developer from January 1998 to November 1999.

Mr. Townsend has announced his intention to resign as Chair and a member of our Board of Directors effective at the conclusion of the Annual Meeting of Stockholders on December 8, 2005. At that time, his position on the Board shall become vacant. In accordance with the Company's By-Laws, his vacancy may be filled by vote of the majority of the Directors then in office, but there is no requirement in the By-Laws that the vacancy be filled. If a person is elected to fill such vacancy, he or she shall be elected to serve for the unexpired term of Mr. Townsend, which will end at the Company's Annual Meeting of Stockholders in 2006. The Nominating and Governance Committee, which nominates candidates for election to the Board of Directors, has not commenced consideration of any potential nominee to fill such vacancy. As set forth under Board and Committee Meetings, the Nominating and Governance Committee will consider nominees recommended by stockholders in connection with such consideration.

For information relating to the shares of our common stock owned by each of our directors, see Stock Ownership of Certain Beneficial Owners and Management on page 5.

#### **Board and Committee Meetings**

The Board of Directors met nine times (including by telephone conference) during the fiscal year ended July 31, 2005. All directors attended at least 90% of the meetings of the Board of Directors and of the committees on which they served. All of our directors attended last year's annual meeting either in person or by webcast. A majority of the Board of Directors, consisting of Ms. Graham and Messrs. Barker, Cianciolo, Heffernan and Simone, are *independent directors*, as defined in rules governing the listing of our common stock on The NASDAQ Stock Market. Mr. Simone currently serves as Lead Independent Director.

The Board of Directors has a Compensation Committee, which makes recommendations concerning salaries and incentive compensation for employees and consultants, and administers and recommends grants of stock options pursuant to the 2002 Stock Incentive Plan and the Amended and Restated 1996 Stock Option Plan and grants of restricted stock and other equity incentives pursuant to the 2004 Equity Incentive Plan. The Compensation Committee held seven meetings during fiscal 2005. The current members of the Compensation Committee are Ms. Graham and Messrs. Barker, Heffernan and Simone, each of whom is an independent director.

The Board of Directors has an Audit Committee, which reviews the results and scope of the audit and other services provided by our independent registered public accounting firm. The Audit Committee held seven meetings during fiscal 2005. The current members of the Audit Committee are Ms. Graham and Messrs. Barker, Cianciolo and Heffernan, each of whom is an independent director. The Board of Directors has determined that Joseph M. Cianciolo is an audit committee financial expert, as defined by the rules and regulations of the Securities and Exchange Commission.

The Board of Directors has a Nominating and Governance Committee, which, pursuant to its written charter, nominates candidates for election to the Board of Directors and develops and recommends for adoption, and thereafter periodically reviews, our corporate governance principles. The Nominating and Governance Committee's charter is available on our website at [www.unfi.com](http://www.unfi.com) by clicking on Investor Relations, then Corporate Governance and then Nominating and Governance Committee. The Nominating and Governance Committee held three meetings during fiscal 2005. The current members of the Nominating and Governance Committee are Messrs. Barker, Cianciolo, Heffernan and Simone and Ms. Graham, each of whom is an independent director.

The Nominating and Governance Committee reviews the qualifications of every person recommended as a nominee to the Board of Directors to determine whether the recommended nominees will make good candidates for consideration for membership on the Board of Directors. The Nominating and Governance Committee has not established specific minimum qualifications for recommended nominees. However, as a matter of practice, the Nominating and Governance Committee does evaluate recommended nominees based on their integrity, judgment, independence, financial and business acumen, relevant experience, and their ability to represent and act on behalf of all stockholders, as well as the needs of the Board of Directors. Following this evaluation, the Nominating and Governance Committee will make recommendations for membership on the Board of Directors and review such recommendations with the Board of Directors, which will decide whether to invite the candidate to be a nominee for election to the Board of Directors.

For a stockholder to submit a candidate for consideration to the Nominating and Governance Committee, a stockholder must notify our corporate secretary. To make a recommendation for director nomination in advance of the next annual meeting, a stockholder must notify our corporate secretary not less than 60 days nor more than 90 days prior to the 2006 Annual Meeting of Stockholders, provided that in the event that less than 70 days notice or prior public disclosure of the date of the 2006 Annual Meeting of Stockholders is given or made, notice by the stockholder must be received not later than the close of business on the 10th day following the date on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever occurs first. The notice must include the information specified in our bylaws, including the following: (a) as to each proposed nominee (i) the name, age, business address and, if known, residence address of each such nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of our shares which are beneficially owned by each such nominee, and (iv) any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to be named as a nominee and to serve as a director if elected); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on our books, of such stockholder and (ii) the class and number of our shares which are beneficially owned by such stockholder. We may require any proposed nominee to furnish such other information as may be reasonably required by the Nominating and Governance Committee to determine the eligibility of such proposed nominee to serve as a member of the Board of Directors.

Notices should be sent to:

Secretary  
United Natural Foods, Inc.  
260 Lake Road, P.O. Box 999  
Dayville, CT 06241-0999

### **Communication with the Board of Directors**

Our stockholders may communicate directly with the Board of Directors. All communications should be in written form and directed to our corporate secretary at the following address:

Secretary  
United Natural Foods, Inc.  
260 Lake Road, P.O. Box 999  
Dayville, CT 06241-0999

Communications should be enclosed in a sealed envelope that prominently indicates that it is intended for the Board of Directors. Each communication intended for the Board of Directors and received by the corporate secretary that is related to our operation and is relevant to a specific director's service on the Board of Directors shall be forwarded to the specified party following its clearance through normal review and appropriate security procedures.

### **Director Compensation**

#### *Fees*

Each non-employee director receives \$2,200 for attendance at each meeting of the Board of Directors, \$1,100 for attendance at each telephonic meeting of the Board of Directors, \$1,100 for attendance at each meeting of the acquisition, compensation and nominative & governance committees of the Board of Directors and \$1,700 for attendance at each meeting of the audit committee of the Board of Directors. Additionally, the chair of the compensation and nominative & governance committee receives an annual retainer of \$5,000 while the chair of the audit committee receives an annual retainer of \$10,000. Each director is reimbursed for expenses incurred in connection with his or her attendance at meetings of the Board of Directors and its committees. Additionally, the Vice Chair and Lead Independent Director of the Board of Directors receives an annual retainer of \$75,000 and each other non-employee director receives an annual retainer of \$25,000.

#### *Stock Options*

New non-employee members to the Board of Directors receive an option grant for 20,000 shares of common stock at an exercise price equal to the closing price of our common stock on The NASDAQ Stock Market on the date of joining the Board of Directors, as compensation for joining the Board of Directors, vesting over one year. In the fiscal year ended July 31, 2005, current non-employee directors received an annual option grant of 13,300 shares for their participation on the Board of Directors. Annual option grants vest after a two-year period and have an exercise price equal to the closing price of our stock on The NASDAQ Stock Market on the date of grant. The Vice-Chair and Lead Independent Director of the Board of Directors receives an annual option grant of 26,600 shares, consistent with the price and vesting of the other non-employee directors.

**Compensation of Executive Officers***Summary Compensation Table*

The following table sets forth compensation information for the fiscal years ended July 31, 2005, 2004 and 2003 with respect to each person who served as our Chief Executive Officer during the year ended July 31, 2005 and each of the four other most highly compensated executive officers who were serving as executive officers on July 31, 2005.

Name and Principal Position	Year	Annual Compensation			Other Annual Compensation	Long Term Compensation Awards Securities Underlying Options	All Other Compensation
		Salary(9)	Bonus(9)				
Steven H. Townsend <i>Chair of the Board</i>	2005	\$ 700,000	\$ 665,000	\$ 0	220,000	\$ 25,919 (2)	
	2004	533,789	400,775	0	80,000	19,953 (2)	
	2003	387,885	257,909	0	280,000	15,302 (2)	
Richard Antonelli <i>President of United Distribution</i>	2005	275,000	140,250	0	60,000	28,515 (2)	
	2004	232,789	211,554	0	50,000	14,846 (2)	
	2003	182,923	100,000	0	90,000	17,450 (3)	
Rick D. Puckett(1) <i>Vice President, Chief Financial Officer and Treasurer</i>	2005	250,000	118,750	0	60,000	30,422 (4)	
	2004	214,485	78,900	0	40,000	16,749 (5)	
	2003	115,445	75,000	0	30,000	4,900 (6)	
Daniel V. Atwood <i>Senior Vice President and Secretary</i>	2005	225,000	106,875	0	35,000	29,958 (7)	
	2004	186,411	69,231	0	40,000	20,504 (7)	
	2003	170,000	85,150	0	30,000	7,692 (2)	
Barclay Hope <i>President of Albert s Organics</i>	2005	209,000	88,825	0	17,500	23,281 (8)	
	2004	199,550	71,611	0	20,000	18,954 (8)	

- (1) Mr. Puckett became Vice President, Chief Financial Officer, and Treasurer on January 1, 2003.
- (2) Represents the Company's contributions to a 401(k) account, personal use of an automobile, fees for personal tax preparation and the fair market value of shares allocated to the named executive officer under the ESOP.
- (3) Represents the Company's contributions to a 401(k) account, personal use of an automobile and the fair market value of shares allocated to the named executive officer under the ESOP.
- (4) Represents the Company's contributions to a 401(k) account, an automobile allowance and the fair market value of shares allocated to the named executive officer under the ESOP.
- (5) Represents an automobile allowance and the fair market value of shares allocated to the named executive officer under the ESOP.
- (6) Represents an automobile allowance.
- (7) Represents contributions to a 401(k) account, an automobile allowance, fees for personal tax preparation and the fair market value of shares allocated to the named executive officer under the ESOP.
- (8) Represents health and medical insurance payments and the fair market value of shares allocated to the named executive officer under the ESOP.
- (9) Reflects compensation earned by the named executive officers in the fiscal years presented, including amounts deferred at the election of these officers pursuant to our Deferred Compensation Plan. See *Deferred Compensation Plan*.





*Option Grants in Last Fiscal Year*

The following table sets forth the grants of stock options to the named executive officers during the year ended July 31, 2005. The percentages in the table below are based on options to purchase 864,550 shares of common stock granted under our stock option plan in the year ended July 31, 2005 to our employees and directors. The exercise price per share of each option was equal to the fair market value of the common stock on the date of grant as determined by the Board of Directors. Potential realizable values are net of exercise price before taxes and are based on the assumption that our common stock appreciates at the annual rate shown, compounded annually, from the date of grant until the expiration of the ten-year term. These numbers are calculated based on the requirements of the Securities and Exchange Commission and do not reflect our estimate of future stock price growth. We did not grant any stock appreciation rights to named executive officers during the fiscal year ended July 31, 2005.

Name	Number of Securities Underlying	Percent of Total Options Granted to Employees	Exercise Price	Expiration	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term
------	---------------------------------	---	----------------	------------	--