UNITED NATURAL FOODS INC
Form 11-K
June 28, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK

PURCHASE, SAVINGS AND SIMILAR PLANS

PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

x ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

o TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File Number: 000-21531

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

United Natural Foods, Inc. Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

United Natural Foods, Inc.

313 Iron Horse Way

Providence, Rhode Island 02908

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REQUIRED INFORMATION

I. Financial Statements

The United Natural Foods, Inc. Retirement Plan (the Plan) is subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The following Plan financial statements and schedules have been prepared in accordance with the financial reporting requirements of ERISA, as permitted by Item 4 of Form 11-K:

Note: Additional supplemental schedules required by Section 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are either not applicable or the information required therein has been included in the financial statements or notes thereto.

II. Exhibits

23 Consent of Independent Registered Public Accounting Firm

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Report of Independent Registered Public Accounting Firm

Plan Administrator
United Natural Foods, Inc. Retirement Plan:

We have audited the accompanying statements of net assets available for benefits of the United Natural Foods, Inc. Retirement Plan (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the years ended December 31, 2011 and 2010 in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Providence, Rhode Island
June 28, 2012

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UNITED NATURAL FOODS, INC. RETIREMENT PLAN

Statements of Net Assets Available for Benefits

As of December 31, 2011and 2010

	2011	2010
Assets:		
Investments at fair value:		
Mutual funds	$ 89,202,826	$ 90,848,709
Common collective trust	15,464,962	14,399,932
United Natural Foods, Inc. common stock	14,388,917	12,255,844
Total investments at fair value	119,056,705	117,504,485
Receivables:		
Notes receivable from participants	5,026,099	4,763,141
Total receivables	5,026,099	4,763,141
Total assets	124,082,804	122,267,626
Liability:		
Excess contributions payable	248,033	270,115
Total liability:	248,033	270,115
Net assets available for benefits at fair value	123,834,771	121,997,511
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(381,426)	(117,085)
Net assets available for benefits	$ 123,453,345	$ 121,880,426

See accompanying notes to financial statements.

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UNITED NATURAL FOODS, INC. RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2011

		2011
Investment (losses) income:		
Interest and dividends	$	2,924,866
Net (depreciation) appreciation in fair value of investments		(3,908,550)
Total investment (losses) gains		(983,684)
Interest income on notes receivable from participants		235,637
Contributions:		
Employee contributions		10,354,111
Employer contributions		4,214,874
Rollover contributions		1,811,671
Total contributions		16,380,656
Total additions		15,632,609
Deductions from net assets attributed to:		
Benefits paid directly to participants		14,006,292
Deemed distributions of participant loans		729
Administrative expenses		52,669
Total deductions		14,059,690
Net increase		1,572,919
Net assets available for benefits, beginning of plan year		121,880,426
Net assets available for benefits, end of plan year	$	123,453,345

See accompanying notes to financial statements.

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UNITED NATURAL FOODS, INC. RETIREMENT PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(1) Plan Description

The following description of the United Natural Foods, Inc. Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan document, including the adoption agreement, for a more complete description of the Plan s provisions.

(a) General

The Plan is a defined contribution plan providing retirement benefits for all eligible employees of United Natural Foods, Inc. and its subsidiaries (the Company or Plan Administrator) which became effective on October 1, 1989. Substantially all employees who have completed six months of service are eligible to join the Plan.

The Plan is intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) Contributions

Each year, participants may contribute up to 75% of their eligible pretax compensation, as defined by the Plan, subject to limitations established by the Internal Revenue Code.

The Company may elect to make discretionary matching contributions to the Plan. During the years ended December 31, 2011 and 2010, the Company matched 50% of the first 8% of eligible compensation that a participant contributed to the Plan. These matching contributions totaled $4,214,874 and $3,514,914 for the years ended December 31, 2011 and 2010, respectively.

(c) Participant Accounts

The Plan s record keeper maintains an account in the name of each participant to which each participant s contributions, the Company s contributions for such participant, and the participant s share of the net earnings, losses and expenses, if any, of the various investments are recorded. Allocations are generally based on eligible participant account balances. The earnings on the assets held in each of the investments and all proceeds from the sale of such assets are held and reinvested in the respective investments.

Participants may rollover contributions of before-tax dollars from a prior employer s eligible retirement plan, as defined in the Plan, or an Individual Retirement Account, into their Plan accounts. Rollovers must be made within the time limits prescribed by the Internal Revenue Service.

(d) Vesting

Participants are immediately fully vested in their contributions transferred from previous employers plans, employee pretax contributions, qualified non-elective contributions and any earnings thereon. Vesting in the Company s contribution portion of a participant s account (whether through matching or non-elective contributions), plus any earnings thereon, is generally based on years of continuous service. A participant is 100% vested in such contributions after four years of credited service, with 25% vesting each year. Participants earn one year of service for each twelve months of service completed with the Company. Participants also become fully vested in the Company s contributions regardless of years of service at age 59.

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(e) Notes Receivable from Participants

Participants (other than eligible employees who have made rollover contributions to the Plan but are not yet active participants) may borrow from their investment accounts. Loans are secured by the vested portion of a participant s account balance, with a $1,000 minimum principal amount for each loan and a maximum principal amount that cannot exceed the lesser of $50,000 or 50% of the participant s vested account balance. The loans have a maximum term of five years (except for loans used to purchase principal residences), but become immediately payable upon death, termination, or disability. The loans bear interest at rates that range from 3.25% to 10.00%, which are commensurate with local prevailing rates as determined by the Plan Administrator at the date of the loan. Principal and interest are paid ratably through automatic payroll deductions.

(f) Distribution of Benefits

Participants (or, in the event of a participant s death, their beneficiary) may request a distribution of all or part of the value in their accounts in accordance with the terms and conditions of the Plan upon retirement, termination of service, disability, or death. In addition, participants who have attained age 59 ½ may elect to withdraw all or a portion of their vested accounts while they are still employed by the Company. Participants with account balances greater than $1,000 may defer receipt of their distributions until they are required by law to receive minimum required distributions.

Benefit payments may be made in a lump-sum distribution or in installments. The participant or beneficiary is entitled to select the manner in which benefit payments are received subject to the terms of the Plan. If the participant s vested account balance is $1,000 or less, payment must be made in a lump-sum distribution.

Withdrawals for financial hardship are permitted provided they are for a severe and immediate financial need, and that the participant has exhausted all other assets reasonably available, including obtaining a loan from the Plan and any other qualified plan maintained by the Company, prior to obtaining the hardship withdrawal.

(g) Forfeited Amounts

At December 31, 2011 and 2010, the balance of non-vested forfeited accounts totaled $112,643 and $66,557, respectively. These account balances are used to reduce future employer contributions. During the years ended December 31, 2011 and 2010, forfeited amounts totaling $99,784 and $76,309, respectively, were used to reduce employer contributions.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) Payments of Benefits

Benefits are recorded when paid.

(c) Valuation of Investments

The Plan s investments are stated at fair value. Shares of registered investment companies and United Natural Foods, Inc. common stock are valued at quoted market prices in active markets. The Fidelity Managed Income Portfolio is valued at the sum of the fair value of the investment wrapper and the underlying assets of commingled funds as reported by Fidelity Management Trust Company. Money market funds are valued at cost which approximates fair value. See Note 4 for further discussion of the methods used to determine the fair value of investments held by the Plan.

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The Fidelity Managed Income Portfolio investment option is a common collective trust that is invested in contracts deemed to be fully benefit-responsive within the meaning of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 962-325, *Defined Contribution Pension Plans Investments (Other)* (ASC 962-325). ASC 962-325 provides a definition of fully benefit-responsive investment contracts and guidance on financial statement presentation and disclosure of fully benefit-responsive investment contracts. It also requires that these investments be reported at fair value. However, contract value is the relevant measure to the Plan because it is the amount that is available for Plan benefits. Accordingly, the accompanying Statements of Net Assets Available for Benefits reflect the Fidelity Managed Income Portfolio at fair value, with a corresponding adjustment to reflect this investment at contract value.

Purchases and sales of securities are recorded on a trade-date basis. Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

(d) Valuation of Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus accrued but unpaid interest.

(e) Administrative Expenses

Administrative expenses as reported on the financial statements include various fees charged to participants for transactions. All other administrative expenses, including legal and audit fees, are paid by the Company.

(f) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

(g) Risks and Uncertainties

The Plan invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits.

(3) Investments

The following investments at fair value represent 5% or more of the Plan s net assets available for benefits at December 31, 2011 and 2010:

Description		2011		2010
Fidelity Managed Income Portfolio	$	15,464,962	$	14,399,932
United Natural Foods, Inc. Common Stock		14,388,917		12,255,844
Fidelity Freedom K 2020 Fund		8,334,809		9,476,589
PIMCO Total Return Admin Fund		7,231,013		7,162,330
Fidelity Freedom K 2030 Fund		6,648,505		6,411,604
MSIF Mid Cap Growth Portfolio Fund		6,616,150		7,034,061

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During the years ended December 31, 2011 and 2010, the Plan s investments (including gains and losses on investments bought, sold, and held during the periods) appreciated or (depreciated), as applicable, in value as follows:

	2011	2010
Mutual funds	$ (5,113,199)	$ 9,758,345
United Natural Foods, Inc. Common Stock	1,204,649	3,394,683
	$ (3,908,550)	$ 13,153,028

(4) Fair Value Measurements

The Plan applies ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), which introduces a framework for measuring fair value and specifies required disclosure about fair value measurements of assets and liabilities.

ASC 820 defines fair value as, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Its objective is to provide a consistent definition of fair value which focuses on exit price and emphasizes the use of market-based inputs over entity-specific inputs. ASC 820 places a higher priority on the use of observable inputs over unobservable inputs. A fair value hierarchy based on inputs was developed to categorize assets into three levels:

Level 1: Assets that have observable inputs that reflect quoted prices for identical assets or liabilities in active markets (NYSE, NASDAQ). Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

Level 2: Assets that have inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset. Inputs are observable but do not solely rely on quoted market prices to establish fair value.

Level 3: Assets with unobservable inputs. Unobservable inputs reflect the reporting entity s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

An asset s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for the Plan s investments measured at fair value, including the general classification of such investments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at December 31, 2011.

Mutual Funds

Mutual funds within the Plan classified as Level 1 assets are valued at the published closing price in active markets.

Common Stock

UNFI Common Stock is valued at the closing price reported on the NASDAQ Global Select Market, and therefore presented as a Level 1 asset.

Common Collective Trust

The guaranteed investment contract (or GIC) is comprised of a wrapper contract and underlying investments. The fair value of the wrapper contract represents the difference between the replacement cost and actual cost of the contracts and is calculated using a discounted cash flow model which considers recent fee bids as determined by recognized dealers, an appropriate discount rate and the duration of the

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underlying portfolio securities. These inputs are considered unobservable inputs in that they reflect the Plan s own assumptions about the inputs that market participants would use in pricing the asset or liability and therefore would be considered Level 3 assets. The Plan believes that this is the best information available for use in the fair value measurement. The underlying assets are commingled funds which are valued using the Net Asset Value which is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market as defined above under Mutual Funds , and are therefore classified as Level 2 assets. As the fair market value of the wrapper contract represent an insignificant amount of the total value of the Common Collective Trust, they have been shown combined as a Level 2 asset.

Below are the Plan s investments carried at fair value on a recurring basis classified by the ASC 820 fair value hierarchy levels as of December 31, 2011 and 2010:

	December 31, 2011		
	Level 1	Level 2	Level 3
Mutual Funds	$ 89,202,826	$	$
Common Stock	14,388,917		
Common Collective Trust		15,464,962	
Totals	$ 103,591,743	$ 15,464,962	$

	December 31, 2010		
	Level 1	Level 2	Level 3
Mutual Funds	$ 90,848,709	$	$
Common Stock	12,255,844		
Common Collective Trust		14,399,932	
Totals	$ 103,104,553	$ 14,399,932	$

(5) Related Party Transactions

Certain Plan investments are shares of registered investment companies and common collective trusts managed by Fidelity Management Trust Company (Fidelity). Fidelity is the trustee and custodian as defined by the Plan. Activities involving these funds qualify as party-in-interest transactions. In addition, at December 31, 2011 and 2010, the Plan held 359,596 and 334,092 shares of the Company s $0.01 par value per share common stock, respectively.

(6) Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan at any time subject to the provisions set forth in ERISA and the Internal Revenue Code. In the event of Plan termination, participants will become 100% vested in their accounts.

(7) Income Tax Status

The Plan is a nonstandardized safe harbor prototype plan sponsored by Fidelity Management and Research Company. The Internal Revenue Service has issued a determination letter dated March 31, 2008 to Fidelity Management and Research Company that the form of the Plan and underlying trust, as designed, are in compliance with the applicable requirements of the Internal Revenue Code (the Code) and therefore the Plan is exempt from income taxes. Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes that the Plan is designed and is currently being operating in compliance with the applicable requirements of the Code.

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(8) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2011 and 2010 to Form 5500:

	2011	2010
Net assets available for benefits per the financial statements	$ 123,453,345	$ 121,880,426
Plus excess contributions payable as of period end	248,033	270,115
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	381,426	117,085
Net assets per Form 5500	$ 124,082,804	$ 122,267,626

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The following is a reconciliation of employee contributions, total additions, and total deductions per the financial statements for the years ended December 31, 2011 and 2010:

	2011	2010
Employee contributions per the financial statements	$ 10,354,111	$ 8,511,049
Plus excess contributions payable	248,033	270,115
Difference between prior year accrual and actual for excess contributions	(44,472)	22,661
Employee contributions per Form 5500	$ 10,557,672	$ 8,803,825
Total additions per the financial statements	$ 15,632,609	$ 28,677,187
Change in the adjustment from contract value to fair value for fully benefit-responsive investment contracts	264,341	355,647
Items to reconcile employee contributions per the financial statements to employee contributions per the Form 5500	203,561	292,776
Total income per Form 5500	$ 16,100,511	$ 29,325,610
Total deductions per the financial statements	$ 14,059,690	$ 8,426,330
Plus excess contributions paid during the current year	225,643	193,511
Total expenses per Form 5500	$ 14,285,333	$ 8,619,841

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Schedule I

UNITED NATURAL FOODS, INC. RETIREMENT PLAN

Schedule H, line 4i Schedule of Assets (Held at end of Year)

December 31, 2011

	Identity of issuer, borrower, lessor, or similar party	**Description of investment**	**Number of units / shares**	**Current value**
Mutual funds:				
*	Fidelity	Freedom K 2020 Fund	670,540	8,334,809
	PIMCO	Total Return Admin Fund	665,227	7,231,013
*	Fidelity	Freedom K 2030 Fund	530,184	6,648,505
	MSIF	Mid Cap Growth Portfolio Fund	208,252	6,616,150
*	Fidelity	Contrafund Fund	83,357	5,623,293
*	Fidelity	Fidelity Fund	177,248	5,521,260
*	Fidelity	Freedom K 2015 Fund	446,992	5,422,012
*	Fidelity	International Discovery Fund	171,326	4,730,306
*	Fidelity	Spartan 500 Index Inv Fund	94,603	4,208,866
*	Fidelity	Freedom K 2040 Fund	329,553	4,142,486
*	Fidelity	Freedom K 2025 Fund	309,850	3,854,535
*	Fidelity	Capital & Income Fund	387,802	3,362,244
	Hartford	Small Company HLS IB Fund	165,525	2,741,093
	Allianz	NFJ Dividend Value Admin Fund	226,985	2,610,322
*	Fidelity	Freedom K 2010 Fund	187,664	2,270,739
*	Fidelity	Leveraged Company Stock Fund	82,079	2,060,999
*	Fidelity	Balanced Fund	110,553	2,010,968
*	Fidelity	Freedom K 2035 Fund	151,955	1,904,000
*	Fidelity	Government Income Fund	175,589	1,891,098
*	Fidelity	Spartan Extended Market Index Fund	51,206	1,815,750
	Calvert	Investment Equity I Fund	44,701	1,602,073
	Janus	Perkins Mid Cap Value T Fund	70,192	1,417,170
	Allianz	NFJ Small Cap Value Instl Fund	34,756	1,014,179
*	Fidelity	Freedom K 2045 Fund	63,459	803,393
*	Fidelity	Freedom K Income Fund	52,375	591,837
*	Fidelity	Freedom K 2050 Fund	43,983	556,382
*	Fidelity	Freedom K 2005 Fund	17,920	214,686
*	Fidelity	Freedom K 2055 Fund	302	2,658
		Subtotal Mutual Funds		89,202,826
Common Collective Trust				
*	Fidelity	Managed Income Portfolio	15,083,536	15,464,962
		Subtotal Common Collective Trust		15,464,962
Corporate Stock (including Employer stock)				
*	UNFI	Common Stock	359,596	14,388,917
		Subtotal Corporate Stock		14,388,917
Receivables:				

*	Notes receivable from participants	Interest rates ranging from 3.25% to 10.00% and maturities from January 2, 2012 through September 12, 2025	841		5,026,099
		Total (Held at End of Year)		$	124,082,804

* Denotes party-in-interest

See accompanying report of independent registered public accounting firm.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

		United Natural Foods, Inc. Retirement Plan
Date:	June 28, 2012	By: United Natural Foods, Inc., as Plan Administrator
		By: /s/ Mark E. Shamber Mark E. Shamber Senior Vice President, Chief Financial Officer and Treasurer

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EXHIBIT INDEX

Exhibit Number	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm