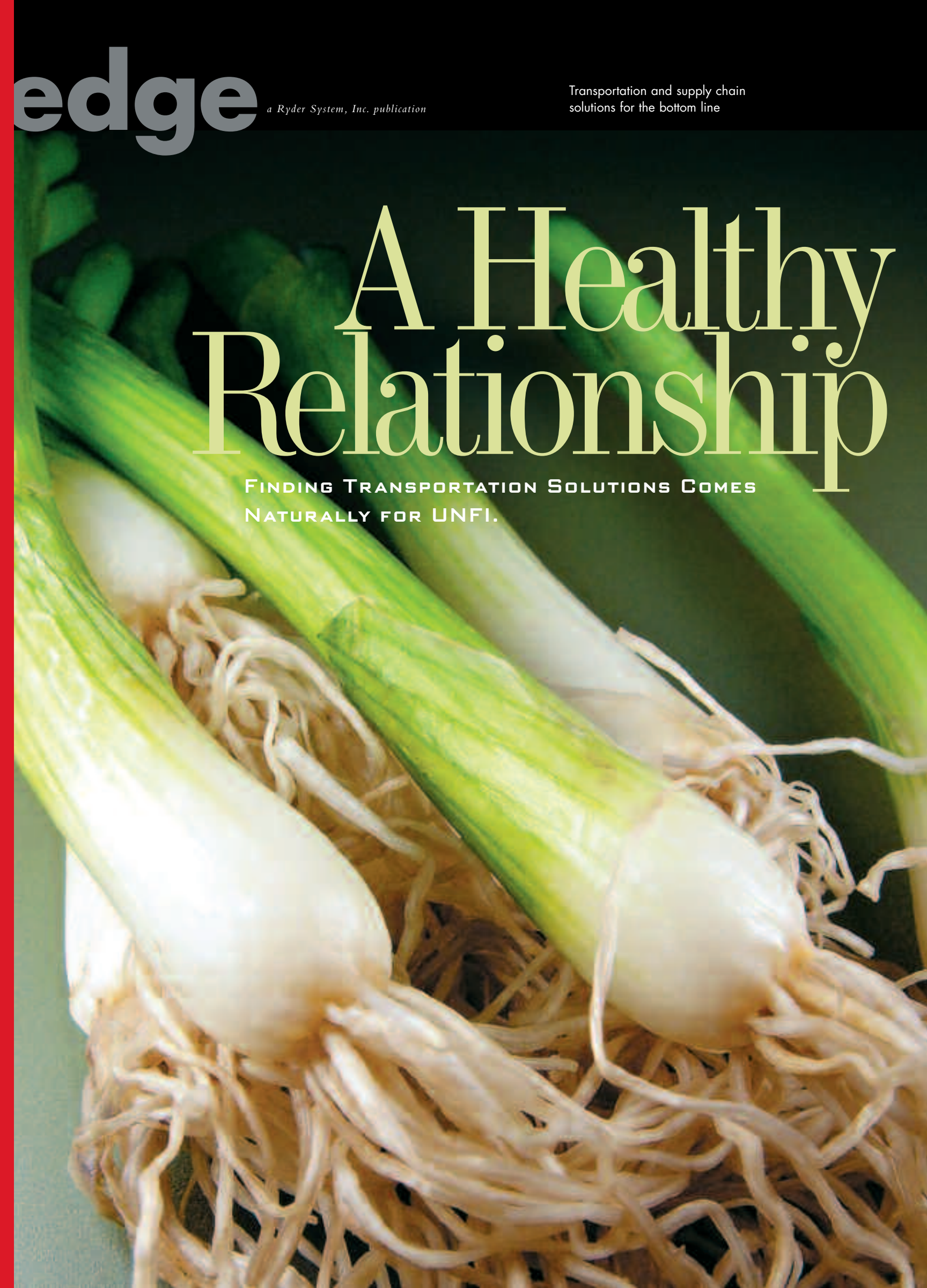


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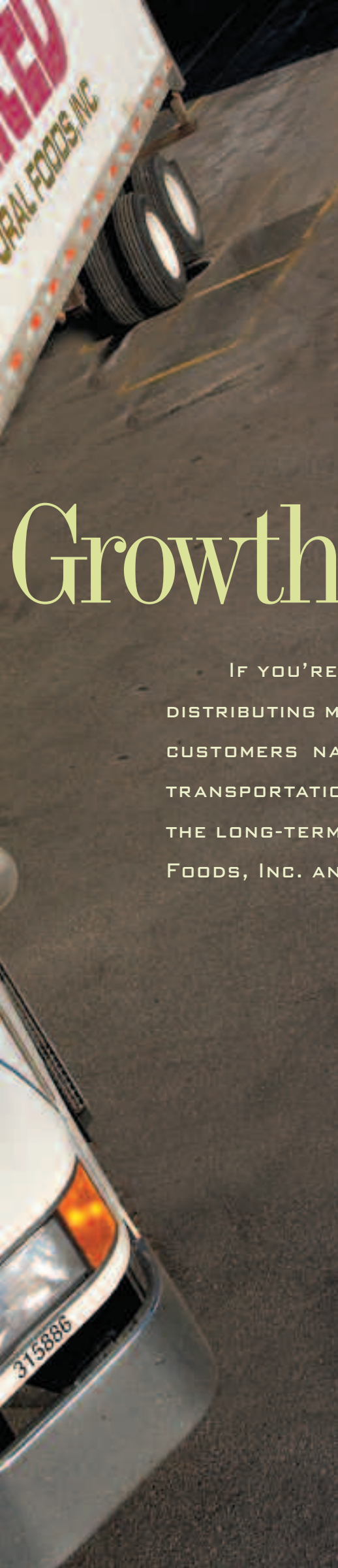
Transportation and supply chain
solutions for the bottom line

A Healthy Relationship

FINDING TRANSPORTATION SOLUTIONS COMES
NATURALLY FOR UNFI.







AT A GLANCE

CHALLENGE

Several mergers and acquisitions over the past decade have led to rapid and constant expansion at UNFI. The company now operates nationally and has needed to focus on issues other than vehicle maintenance in order to grow successfully and find synergies.

SOLUTION

A full-service lease arrangement means Ryder handles every aspect of UNFI's vehicle needs. Captive maintenance facilities are located at two of UNFI's distribution centers.

BENEFITS

Ability to focus its attention on customer service, shareholders, infrastructure and employee relations as it has grown. The Ryder relationship provides flexibility and on-site maintenance facilities directly benefit vehicle up-time.

Growth Is Natural

IF YOU'RE A MAJOR PLAYER IN A GROWING INDUSTRY, DISTRIBUTING MORE THAN 40,000 PRODUCTS TO 20,000 CUSTOMERS NATIONWIDE, THE LAST THING YOU NEED IS TRANSPORTATION HICCUPS. THAT'S A KEY REASON BEHIND THE LONG-TERM RELATIONSHIP BETWEEN UNITED NATURAL FOODS, INC. AND RYDER.

Currently the largest publicly traded wholesale distributor to the natural and organic foods industry, United Natural Foods (UNFI) has grown steadily since it started as a one-truck operation in 1976. Several mergers and acquisitions over the past decade have pushed it to 4,400 employees and 14 distribution centers across the U.S. Projected revenues of \$2.25 to \$2.35 billion for the fiscal year ending July 29, 2006 are 15% higher than the year before.

"Our operational costs represent a large portion of our budget," explains Mike Beaudry, President of UNFI's Eastern Region. "Ryder's buying power with equipment manufacturers and fuel companies helps us control our costs. And their extensive emergency response network means that if we have breakdowns, we get back up very quickly, minimizing vehicle downtime."

The company's growth mirrors what's happening in the industry as a whole. According to the Organic Trade Association, the organic products industry in the United States grew 20% in 2003 to more than \$10.8 billion. Similar growth is expected through 2008.



RYDER'S ON-SITE DEDICATED SERVICE HAS ALLOWED UNFI TO CONCENTRATE THEIR FOCUS ON HIGHER LEVEL STRATEGIC ISSUES, AFFECTING CUSTOMER AND SHAREHOLDER VALUE.

UNFI supplies natural groceries, supplements, body care products, frozen foods and organic produce. It's the first distribution company in the United States to be fully certified as a handler of organic products.

Its core customers include natural food chains, independent retailers and conventional supermarket chains, in both urban and rural markets. In recent years, UNFI has also started supplying food service outlets like restaurants and college cafeterias, and has most recently ventured into markets in the Far East.

Ryder has been a vital part of UNFI's growth. "With Ryder as a partner, we've had the time to concentrate on our other operations," says Beaudry.

"With substantial annual growth, our efforts need to be focused on customer service, employee relations, developing our infrastructure and delivering value for our shareholders," he says. "Because Ryder manages our vehicles, we've been able to do that successfully."

"We look very closely at which providers can give us the best service based on where we're placed geographically," Beaudry says. "Our national partnership with Ryder gives us a great deal of flexibility to make changes as we grow, and it's been very important to our success."

With a full-service lease arrangement, Ryder handles all aspects of UNFI's vehicle program, from designing vehicle specs to fuel tax reporting.

"We start by working with them on designing vehicle specs and finding what they need to accommodate the specific needs of their operations," says Jeff Fisher, Ryder vice-

president of national sales. "From there, we take care of financing, all scheduled and unscheduled maintenance, fueling and washing the vehicles, and dealing with safety regulations, permitting and fuel tax reporting."

UNFI trucks fuel at any of the more than 800 Ryder facilities around the country and the company is invoiced monthly. In addition to regularly scheduled preventive maintenance, Ryder technicians conduct a multi-point inspection every time a vehicle crosses a fuel island. Roadside assistance is available 24 hours a day, seven days a week through Ryder's toll-free response center, and rental vehicles are provided when required.

"We have the processes, the technology and the equipment so UNFI doesn't have to worry about its fleet and can focus instead on serving their customers," says Scott Michalek, Ryder's director of national accounts for the northeast region. "If there are breakdowns, we have the ability to zero in and get to the root cause, look for trends and be proactive."

Beaudry says having Ryder handle the details benefits UNFI's bottom line.

"In some locations, town ordinances mean we have specific windows of time in which we're allowed to deliver," explains Blair Altemus, UNFI's director of transportation. "If we don't make those windows, we can't deliver our products."

"In addition our bigger customers have a team waiting for our trucks to get there. Timing is critical. Vehicle reliability is key."

Since its beginnings as a single rental truck customer, UNFI's steady growth has been matched by simultaneous growth at Ryder.

"We have literally grown with them, building facilities to serve their needs," says Ryder's Fisher. "Growing with them, and meeting the challenges that come with that, has helped us grow our own business."

In New Oxford, PA, Ryder built a facility across the street from UNFI's distribution center; in Atlanta the Ryder and UNFI facilities are located in the same industrial park, and in White Springs Florida, a Ryder mobile unit does the job. At UNFI's headquarters in Dayville, CT and at its



"WITH RYDER AS A PARTNER, WE'VE HAD THE TIME TO CONCENTRATE ON OUR OTHER OPERATIONS. WITH SUBSTANTIAL ANNUAL GROWTH, OUR EFFORTS NEED TO BE FOCUSED ON CUSTOMER SERVICE, EMPLOYEE RELATIONS, DEVELOPING OUR INFRASTRUCTURE AND DELIVERING VALUE FOR OUR SHAREHOLDERS."

MIKE BEAUDRY

President Eastern Region, United Natural Foods, Inc.



Chesterfield, N.H. distribution center, Ryder operates ‘captive shops’ – onsite maintenance and fueling facilities that serve UNFI vehicles exclusively. .

“The captive shop is a real convenience for us,” says Altemus. “We have full coverage available when we need it, without having to deal with the downtime issues that exist if we had to take a vehicle off-site for service.”

Ken Velidow is UNFI’s transportation manager responsible for the Dayville captive shop. According to Velidow, the benefits of working with a captive shop team are “huge.”

“If a driver brings in a truck with a major equipment issue, he can take his driver vehicle condition report (DVCR) right over to the techs and talk about it face-to-face. This saves diagnostic time for Ryder. For us it means there’s a better chance of having the truck repaired quickly and properly, and downtime for the vehicle is reduced because we don’t have to take it off-site.”

The captive shop utilizes Ryder’s computerized shop management system to provide all parties with complete, up-to-date maintenance information on every vehicle. Technicians enter all of the work they perform on a vehicle into the system, using codes for different maintenance activities. When a repair order is initiated, a paper order showing the last five jobs with a similar code is also printed, so trends can be identified. The technicians also wand barcoded parts into the system to remove them from inventory and charge them to the applicable repair order.

In addition, handheld computers are used to update vehicle mileage and fueling information. This data is linked with the maintenance information to schedule the tractor’s time and mileage-based preventive maintenance.

“The technology Ryder uses provides complete visibility and accountability,” Velidow says. “If I ever need

information about a vehicle, I can go to Ryder and get all of the records – what work has been done on it, the parts that were used, when the work was done and by whom.”

Ryder technicians at the captive shop tailor their routine to meet UNFI’s schedule. Full coverage is available from 10 a.m. until 4:30 a.m. the following morning. For the first few hours, technicians do mainly preventive maintenance on vehicles that aren’t on the road, then when UNFI trucks start rolling in around 2 p.m. after making their deliveries, the bigger issues on the DVCR’s are tackled. Trucks head out again to deliver starting at 5 p.m., until 5 a.m. the next day.

“Before, if we needed to call someone in at 2 a.m. to fix a problem, it would take an hour to get anyone, and then repair time on top of that,” Velidow says. “It’s a huge timesaver to have the techs right there when we need them.”

Velidow meets daily with Mike Greco, Ryder’s technician in charge of the Dayville shop.

“Mike’s been with us a number of years and knows our account like the back of his hand,” Velidow says. “We talk daily, and meet weekly on major issues, which really brings our maintenance to a higher level.”

“In a captive shop situation, UNFI is our single most important customer,” Ryder’s Michalek adds. “When we’re right there with them the relationships are strong and service is more efficient, which benefits their bottom line.”

Altemus says this focus on the customer is a big reason UNFI has stayed with Ryder through the years. **e**

A BALANCED
COMBINATION OF
PEOPLE, PROCESS
AND TECHNOLOGY
ALLOW UNFI TO
MAKE INFORMED
DECISIONS THAT
CUT COSTS AND
IMPROVE
EFFICIENCIES.



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