



For Immediate Release  
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**Whole Foods Market Reports Third Quarter Results  
Company Reports Comparable Store Sales Increase of 7.0% on Top of 9.9% Increase in Prior Year  
and Diluted Earnings Per Share of \$0.35; Company Repurchases \$100 Million of Stock and  
Pays \$25 million in Cash Dividends in Quarter; 18 New Stores Opened over Last Twelve Months**

July 31, 2007. Whole Foods Market, Inc. (NASDAQ: WFMI) today reported sales and earnings for the 12-week quarter ended July 1, 2007. Sales increased 13.2% to \$1.5 billion driven by 14% ending square footage growth and a 7.0% increase in comparable store sales on top of a 9.9% increase in the prior year. The negative impact on comparable store sales growth of Easter shifting from the third quarter last year to the second quarter this year was approximately 76 basis points in the quarter. Identical store sales (excluding four relocated stores and two major expansions) increased 5.8%. Net income was \$49.1 million, diluted earnings per share were \$0.35, operating cash flow per share was \$0.87, and Economic Value Added (EVA<sup>TM</sup>) was \$15.6 million. For the quarter, pre-opening and relocation costs were \$15.0 million, or \$0.06 per diluted share, compared to \$7.9 million, or \$0.03 per diluted share, in the third quarter last year. Approximately \$8.6 million, or \$0.04 per diluted share, relating to share-based compensation, pre-opening rent and accelerated depreciation was expensed for accounting purposes but was non-cash, compared to \$6.3 million, or \$0.03 per diluted share, in the prior year.

During the quarter, the Company produced \$123 million in cash flow from operations and received \$4 million in proceeds from the exercise of stock options. Capital expenditures in the quarter were \$128 million of which \$95 million was for new stores. The Company paid approximately \$25 million to shareholders in cash dividends and repurchased approximately \$100 million of common stock. The Company's remaining authorization for share repurchases is currently \$100 million. At the end of the quarter, the Company had total cash and investments of approximately \$35 million and total long-term debt of approximately \$3 million. The Company also expanded its existing \$100 million revolving credit line to \$200 million during the quarter.

"As expected, fiscal year 2007 has been an investment year as we have accelerated our new store openings while cycling over tough year-ago comparable store sales growth comparisons. We believe that our third quarter results, combined with our 7.6% comparable store sales increase in the fourth quarter to date, is an indication that our comparable store sales growth has stabilized," said John Mackey, chairman, chief executive officer, and co-founder of Whole Foods Market. "We are on track to deliver 18 to 20 new store openings this year. We expect to open a greater number of stores in fiscal year 2008, but currently do not expect the same degree of year-over-year increase in our total pre-opening expenses. We are very excited to see the acceleration in our new store openings materialize, as we expect these new stores to drive strong sales and comparable store sales growth in the not-so-distant future."

For the 40-week period ended July 1, 2007, sales increased 12.3% to \$4.8 billion driven by 14% ending square footage growth and comparable store sales growth of 6.7% on top of an 11.7% increase in the prior year. Sales in identical stores (excluding five relocated stores and three major expansions) increased 5.7%. Net income was \$148.8 million, diluted earnings per share were \$1.05, operating cash flow per share was \$2.12, and EVA was \$38.2 million. Year to date, pre-opening and relocation costs were \$46.9 million, or \$0.20 per diluted share, compared to \$23.7 million, or \$0.10 per diluted share, in the prior year. Approximately \$25.2 million, or \$0.11 per diluted share, relating to share-based compensation, pre-opening rent and accelerated depreciation was expensed for accounting purposes but was non-cash, compared to \$14.6 million, or \$0.06 per diluted share, in the prior year.

The Company's Consolidated Statements of Operations on a Non-GAAP Basis (hereinafter referred to as adjusted results) exclude pre-tax credits for insurance proceeds and other adjustments related to Hurricane Katrina of \$3.7 million in the third quarter of fiscal year 2006 and \$7.2 million in the 40-week period ended July 2, 2006. Excluding these credits, adjusted earnings per share were \$0.35 in the third quarter last year and \$1.10 for the 40-week period ended July 2, 2006.

The following table shows the Company's growth in sales, comparable store sales, and ending square footage year to date compared to its historical five-year ranges and average results. For fiscal year 2007, the Company has guided to sales growth of 13% to 17%, comparable store sales growth of 6% to 8%, and ending square footage growth of 16%.

	<b>Five-Year FY Range Low</b>	<b>Five-Year FY Range High</b>	<b>Five-Year FY Average</b>	<b>YTD FY07</b>
Sales growth	17.0%	22.8%	20.3%	12.3%
Comparable store sales growth	8.6%	14.9%	11.5%	6.7%
Two-year comps (sum of two years)	18.6%	27.8%	22.7%	18.4%
Ending square footage growth	10%	14%	12%	14%

The following table breaks out additional information on the quarter for comparable stores and all stores.

<b>Comparable Stores</b>	<b>Comps</b>	<b>NOPAT ROIC</b>	<b># of Stores</b>	<b>Average Size</b>	<b>Total Square Feet</b>
Over 11 years old	4.1%	91%	59	27,600	1,626,200
Between eight and 11 years old	3.7%	68%	26	31,100	807,600
Between five and eight years old	6.1%	44%	43	34,700	1,492,400
Between two and five years old	8.3%	29%	37	40,300	1,491,600
<u>Less than two years old (includes four relocations)</u>	<u>22.6%</u>	<u>1%*</u>	<u>18</u>	<u>54,400</u>	<u>979,500</u>
All comparable stores (7.5 years old, s.f. weighted)	7.0%	40%*	183	35,000	6,406,300
All stores (6.8 years old, s.f. weighted)		33%*	196	36,200	7,104,800

\*Includes pre-opening expense for stores less than two years old. Excluding the Kensington relocation, NOPAT ROIC was 10%, 43% and 35% for comparable stores less than two years old, all comparable stores, and all stores, respectively.

Note that due to certain operational changes, some expenses previously included in cost of goods sold are now included in direct store expenses, representing an estimated impact of approximately 16 basis points on those line items in the quarter. For comparable stores, the following year-over-year basis point changes in gross profit and direct store expenses as a percentage of sales adjust for this impact.

Gross profit consists of sales less cost of goods sold and occupancy costs plus the contribution from non-retail distribution and food preparation operations. For the third quarter, gross profit increased 36 basis points to 35.5% of sales from an adjusted 35.2% of sales last year, which excludes approximately \$0.9 million in credits related to Hurricane Katrina. The LIFO charge was \$2.1 million in the quarter compared to \$0.8 million in the prior year. For stores in the comparable store base, gross profit improved 42 basis points to 35.7% of sales. Historically, the Company's average weekly sales and gross margins are strongest in the second and third quarters.

For the quarter, direct store expenses increased 90 basis points to 26.1% of sales from an adjusted 25.2% of sales last year, which excludes approximately \$1.2 million in credits related to Hurricane Katrina. For stores in the comparable store base, direct store expenses increased 23 basis points to 25.4% of sales due primarily to increases in health care and share-

based compensation expense, which were partially offset by leverage in wages as a percentage of sales. Share-based compensation expense included in direct store expenses was approximately \$2.3 million in the quarter compared to approximately \$0.5 million in the prior year.

Store contribution decreased 54 basis points to 9.5% of sales from an adjusted 10.0% of sales last year, which excludes approximately \$2.0 million in credits related to Hurricane Katrina. For stores in the comparable store base, store contribution increased 19 basis points to 10.3% of sales.

G&A expenses improved five basis points to 3.2% of sales. Share-based compensation expense included in G&A was approximately \$1.6 million compared to approximately \$0.9 million in the prior year.

The following table shows the Company's year-to-date results for certain line items as a percentage of sales compared to its historical five-year ranges and averages, highlighting the consistency of these results on an annualized basis over time. Where applicable, historical percentages have been adjusted to exclude Hurricane Katrina charges and credits, as well as share-based compensation expense related to the Company's September 2005 accelerated vesting of stock options.

	Five-Year FY Range Low	Five-Year FY Range High	Five-Year FY Average	YTD FY07
Gross profit	34.2%	35.1%	34.8%	34.9%
Direct store expenses	25.2%	25.5%	25.4%	25.9%
Store contribution	9.0%	9.6%	9.4%	9.0%
G&A	3.1%	3.6%	3.2%	3.1%

For the quarter, pre-opening and relocation costs were \$15.0 million, or \$0.06 per diluted share, of which approximately \$4.4 million was pre-opening rent and accelerated depreciation that was expensed for accounting purposes but was non-cash. In the prior year, pre-opening and relocation costs were \$7.9 million, or \$0.03 per diluted share, of which approximately \$5.4 million was non-cash pre-opening rent and accelerated depreciation.

### **New Store Development**

In the third quarter, the Company opened one store in El Segundo, CA, one store in Sonoma, CA, and relocated its Notting Hill Fresh & Wild store in London to its new Kensington Whole Foods Market location. Thus far in the fourth quarter, the Company has opened one store in Chicago, IL and expects to open four to six additional stores during the quarter, two of which are relocations. As of today, the Company has opened 18 new stores over the last 12 months.

The Company has recently signed seven new store leases averaging 39,000 square feet in size which are as follows: Malibu, CA; San Francisco, CA; Toronto, Canada; Kailua, HI; Maui, HI; Lynnfield, MA; and Rochester Hills, MI.

Since its second quarter earnings release on May 9, the Company has opened three new stores, and 10 leases have been tendered. For accounting purposes, a store is considered tendered on the date the Company takes possession of the space for construction and other purposes, which is typically when the shell of the store is complete or nearing completion. The average tender period, or length of time between tender date and opening date, will vary depending on several factors, one of which is the number of acquired leases, ground leases and owned properties in development, all of which generally have longer tender periods than standard operating leases.

The following table provides additional information about the Company's store openings in fiscal year 2006 and thus far in fiscal year 2007, leases currently tendered but not opened, and total development pipeline for stores scheduled to open through fiscal year 2010. Of the Company's 25 stores currently tendered, 23 are expected to open between now and the end of fiscal year 2008, and the Company expects to announce additional stores over the next two quarters tendered for openings in fiscal year 2008.

<b>New Store Information</b>	<b>Stores Opened FY06</b>	<b>Stores Opened FY07 YTD</b>	<b>Current Leases Tendered</b>	<b>Current Leases Signed<sup>1</sup></b>
Number of stores (including relocations)	13	14	25	94
Number of relocations	2	3	3	17
Number of lease acquisitions, ground leases and owned properties	1	4	9	15
New markets	4	2	3	21
Average store size (gross square feet)	50,200	56,600	48,400	53,000
As a percentage of existing store average size	147%	156%	133%	146%
Total square footage	653,000	792,000	1,210,000	5,021,000
As a percentage of existing square footage	10%	11%	17%	70%
Average tender period	7.8 months	9.7 months		
Average pre-opening expense per store (incl. rent)	\$1.9 million	\$2.4 million <sup>2</sup>		
Average pre-opening rent per store	\$0.7 million	\$0.9 million <sup>2</sup>		
Average development cost (excl. pre-opening)	\$13.0 million	\$15.0 million <sup>2</sup>		
Average development cost per square foot	\$258	\$282 <sup>2</sup>		

<sup>1</sup> Includes leases tendered

<sup>2</sup> Pre-opening and development costs are estimated for stores opened YTD and exclude Kensington in London

### **Growth Goals for Fiscal Year 2007 and Beyond**

The Company's guidance for fiscal year 2007 excludes any impact from the proposed merger with Wild Oats Markets, as the transaction has not closed.

The Company notes that fiscal year 2007 is a 53-week year, with the extra week falling in the fourth quarter making it a thirteen-week quarter. For fiscal year 2007, on a 52-week to 52-week basis, the Company expects total sales growth of 13% to 17% and comparable store sales growth of 6% to 8%.

Year to date, the Company has opened 14 stores and expanded two stores representing approximately 781,000 square feet net of closures related to three relocations. In addition to one store already open in the fourth quarter, four to six of the Company's 25 currently tendered stores, representing up to approximately 278,000 square feet net of closures, are expected to open in the fourth quarter, translating to an estimated year-over-year increase in ending square footage of approximately 16%.

For fiscal year 2007, the Company expects operating income before pre-opening and relocation costs as a percentage of sales to be in line with its 5.9% results year to date.

The Company expects share-based compensation, a non-cash expense, of approximately \$3 million to \$4 million in the fourth quarter.

Capital expenditures for fiscal year 2007 are expected to be in the range of \$525 million to \$575 million. Of this amount, approximately 70% to 75% is related to new stores opening in fiscal year 2007 and beyond.

The Company has incurred materially higher pre-opening and relocation costs of approximately \$47 million year to date compared to approximately \$24 million for the same period last year resulting primarily from the acceleration in square footage opening in fiscal years 2007 and 2008. As expected, these costs have had a significant negative impact on fiscal

year 2007 diluted earnings per share growth. For the fourth quarter, the Company expects pre-opening and relocation costs in the range of \$20 million to \$24 million.

Fiscal year 2007 results are expected to include approximately \$33 million to \$36 million, or approximately \$0.14 or \$0.15 per share, of non-cash pre-opening rent, accelerated depreciation, and share-based compensation expense.

Longer term, the Company's goal is to reach \$12 billion in sales in fiscal year 2010.

### **Proposed Merger with Wild Oats Markets**

The U.S. District Court for the District of Columbia preliminary injunction hearing to decide whether to approve the U.S. Federal Trade Commission's (FTC) application for an injunction to block the proposed merger between Whole Foods Market and Wild Oats Markets began today and is scheduled to conclude on August 1, 2007. The Company expects to receive a ruling by the middle of August.

The Company announced on June 20, 2007 that, subject to prevailing in its current lawsuit with the FTC concerning the proposed merger, the Company plans to transfer all 35 Henry's and Sun Harvest store locations, plus a Riverside, CA distribution center, to a wholly owned subsidiary of Smart & Final, Inc., a Los Angeles-based food retailer.

"We are hopeful that the court will rule in our favor and that we will be allowed to move forward; however, we believe that merger or no merger, Whole Foods Market has a very bright future," said Mr. Mackey. "We currently have 94 stores in our pipeline representing 70 percent of our existing square footage, and we believe we are on track to meet our goal of \$12 billion in sales in 2010. If the merger is approved, just as we have done with our many previous acquisitions, we will improve the Wild Oats stores to make them more profitable and create an improved shopping experience for our customers."

**About Whole Foods Market:** Founded in 1980 in Austin, Texas, Whole Foods Market® is a Fortune 500 company and the largest natural and organic foods retailer. The Company had sales of \$5.6 billion in fiscal year 2006 and currently has 197 stores in the United States, Canada and the United Kingdom.

### **Forward-looking statements**

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995. Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements that involve risks and uncertainties, which could cause our actual results to differ materially from those described in the forward-looking statements. These risks include but are not limited to general business conditions, the timely development and opening of new stores, the impact of competition, and other risks detailed from time to time in the SEC reports of Whole Foods Market, including Whole Foods Market's report on Form 10-K for the fiscal year ended September 24, 2006. Whole Foods Market undertakes no obligation to update forward-looking statements.

*The Company will host a conference call today to discuss this earnings announcement at 4:00 p.m. CT. The dial-in number is 1-800-909-5202, and the conference ID is "Whole Foods." A simultaneous audio webcast will be available at [www.wholefoodsmarket.com](http://www.wholefoodsmarket.com).*

**Whole Foods Market, Inc.**  
**Consolidated Statements of Operations - Non-GAAP basis (unaudited)**  
(In thousands, except per share amounts)

	<b>Twelve weeks ended</b>					
	<b>July 1, 2007</b>			<b>July 2, 2006</b>		
	GAAP	Natural Disaster	Non-GAAP	GAAP	Natural Disaster	Non-GAAP
Sales	\$ 1,514,420	\$ -	\$ 1,514,420	\$ 1,337,886	\$ -	\$ 1,337,886
Cost of goods sold and occupancy costs	976,130	-	976,130	866,260	879	867,139
Gross profit	538,290	-	538,290	471,626	(879)	470,747
Direct store expenses	394,713	-	394,713	335,555	1,152	336,707
Store contribution	143,577	-	143,577	136,071	(2,031)	134,040
General and administrative expenses	49,003	-	49,003	43,955	-	43,955
Operating income before pre-opening and relocation	94,574	-	94,574	92,116	(2,031)	90,085
Pre-opening expenses	13,719	-	13,719	6,604	-	6,604
Relocation costs	1,276	-	1,276	1,256	-	1,256
Operating income	79,579	-	79,579	84,256	(2,031)	82,225
Investment and other income, net	2,199	-	2,199	5,573	(1,621)	3,952
Income before income taxes	81,778	-	81,778	89,829	(3,652)	86,177
Provision for income taxes	32,711	-	32,711	35,931	(1,461)	34,470
Net income	\$ 49,067	\$ -	\$ 49,067	\$ 53,898	\$ (2,191)	\$ 51,707
Basic earnings per share	\$ 0.35	\$ -	\$ 0.35	\$ 0.38	\$ (0.02)	\$ 0.37
Weighted average shares outstanding	140,061	140,061	140,061	140,712	140,712	140,712
Diluted earnings per share	\$ 0.35	\$ -	\$ 0.35	\$ 0.37	\$ (0.02)	\$ 0.35
Weighted average shares outstanding, diluted basis	141,250	141,250	141,250	145,925	145,925	145,925
Dividends per share	\$ 0.18		\$ 0.18	\$ 0.15		\$ 0.15

A reconciliation of the numerators and denominators of the basic and diluted earnings per share calculations follows (in thousands):

	<b>Twelve weeks ended</b>					
	<b>July 1, 2007</b>			<b>July 2, 2006</b>		
	GAAP	Natural Disaster	Non-GAAP	GAAP	Natural Disaster	Non-GAAP
Net income (numerator for basic earnings per share)	\$ 49,067	\$ -	\$ 49,067	\$ 53,898	\$ (2,191)	\$ 51,707
Interest on 5% zero coupon convertible subordinated debentures, net of income taxes	19	-	19	61	-	61
Adjusted net income (numerator for diluted earnings per share)	\$ 49,086	\$ -	\$ 49,086	\$ 53,959	\$ (2,191)	\$ 51,768
Weighted average common shares outstanding (denominator for basic earnings per share)	140,061	140,061	140,061	140,712	140,712	140,712
Potential common shares outstanding:						
Assumed conversion of 5% zero coupon convertible subordinated debentures	97	97	97	335	335	335
Assumed exercise of stock options	1,092	1,092	1,092	4,878	4,878	4,878
Weighted average common shares outstanding and potential additional common shares outstanding (denominator for diluted earnings per share)	141,250	141,250	141,250	145,925	145,925	145,925
Basic earnings per share	\$ 0.35	\$ -	\$ 0.35	\$ 0.38	\$ (0.02)	\$ 0.37
Diluted earnings per share	\$ 0.35	\$ -	\$ 0.35	\$ 0.37	\$ (0.02)	\$ 0.35

**Whole Foods Market, Inc.**  
**Consolidated Statements of Operations - Non-GAAP basis (unaudited)**  
(In thousands, except per share amounts)

	<b>Forty weeks ended</b>					
	<b>July 1, 2007</b>			<b>July 2, 2006</b>		
	GAAP	Natural Disaster	Non-GAAP	GAAP	Natural Disaster	Non-GAAP
Sales	\$ 4,848,361	\$ -	\$ 4,848,361	\$ 4,316,359	\$ -	\$ 4,316,359
Cost of goods sold and occupancy costs	3,154,840	-	3,154,840	2,806,298	879	2,807,177
Gross profit	1,693,521	-	1,693,521	1,510,061	(879)	1,509,182
Direct store expenses	1,256,805	-	1,256,805	1,090,463	4,232	1,094,695
Store contribution	436,716	-	436,716	419,598	(5,111)	414,487
General and administrative expenses	150,591	-	150,591	138,265	-	138,265
Operating income before pre-opening and relocation	286,125	-	286,125	281,333	(5,111)	276,222
Pre-opening expenses	40,717	-	40,717	20,123	-	20,123
Relocation costs	6,196	-	6,196	3,552	-	3,552
Operating income	239,212	-	239,212	257,658	(5,111)	252,547
Investment and other income, net	8,806	-	8,806	15,720	(2,121)	13,599
Income before income taxes	248,018	-	248,018	273,378	(7,232)	266,146
Provision for income taxes	99,207	-	99,207	109,351	(2,893)	106,458
Net income	\$ 148,811	\$ -	\$ 148,811	\$ 164,027	\$ (4,339)	\$ 159,688
Basic earnings per share	\$ 1.06	\$ -	\$ 1.06	\$ 1.18	\$ (0.03)	\$ 1.15
Weighted average shares outstanding	140,411	140,411	140,411	139,062	139,062	139,062
Diluted earnings per share	\$ 1.05	\$ -	\$ 1.05	\$ 1.13	\$ (0.03)	\$ 1.10
Weighted average shares outstanding, diluted basis	142,366	142,366	142,366	145,567	145,567	145,567
Dividends per share	\$ 0.69		\$ 0.69	\$ 2.45		\$ 2.45

A reconciliation of the numerators and denominators of the basic and diluted earnings per share calculations follows (in thousands):

	<b>Forty weeks ended</b>					
	<b>July 1, 2007</b>			<b>July 2, 2006</b>		
	GAAP	Natural Disaster	Non-GAAP	GAAP	Natural Disaster	Non-GAAP
Net income (numerator for basic earnings per share)	\$ 148,811	\$ -	\$ 148,811	\$ 164,027	\$ (4,339)	\$ 159,688
Interest on 5% zero coupon convertible subordinated debentures, net of income taxes	77	-	77	225	-	225
Adjusted net income (numerator for diluted earnings per share)	\$ 148,888	\$ -	\$ 148,888	\$ 164,252	\$ (4,339)	\$ 159,913
Weighted average common shares outstanding (denominator for basic earnings per share)	140,411	140,411	140,411	139,062	139,062	139,062
Potential common shares outstanding:						
Assumed conversion of 5% zero coupon convertible subordinated debentures	122	122	122	378	378	378
Assumed exercise of stock options	1,833	1,833	1,833	6,127	6,127	6,127
Weighted average common shares outstanding and potential additional common shares outstanding (denominator for diluted earnings per share)	142,366	142,366	142,366	145,567	145,567	145,567
Basic earnings per share	\$ 1.06	\$ -	\$ 1.06	\$ 1.18	\$ (0.03)	\$ 1.15
Diluted earnings per share	\$ 1.05	\$ -	\$ 1.05	\$ 1.13	\$ (0.03)	\$ 1.10

**Whole Foods Market, Inc.**  
**Consolidated Balance Sheets (unaudited)**  
July 1, 2007 and September 24, 2006  
(In thousands)

<b>Assets</b>	2007	2006
Current assets:		
Cash and cash equivalents	\$ 10,709	\$ 2,252
Short-term investments - available-for-sale securities	22,048	193,847
Restricted cash	2,280	60,065
Accounts receivable	84,321	87,387
Merchandise inventories	241,705	203,727
Deferred income taxes	56,738	48,149
Prepaid expenses and other current assets	28,213	28,554
Total current assets	446,014	623,981
Property and equipment, net of accumulated depreciation and amortization	1,483,283	1,236,133
Goodwill	113,494	113,494
Intangible assets, net of accumulated amortization	54,911	34,767
Deferred income taxes	34,376	29,412
Other assets	10,104	5,209
Total assets	\$2,142,182	\$2,042,996
<b>Liabilities And Shareholders' Equity</b>		
	2007	2006
Current liabilities:		
Current installments of long-term debt and capital lease obligations	\$ 81	\$ 49
Accounts payable	142,392	126,264
Accrued payroll, bonus and other benefits due team members	164,990	153,014
Dividends payable	25,015	-
Other current liabilities	239,444	230,443
Total current liabilities	571,922	509,770
Long-term debt and capital lease obligations, less current installments	2,893	8,606
Deferred rent liability	132,564	120,421
Other long-term liabilities	-	56
Total liabilities	707,379	638,853
Shareholders' equity:		
Common stock, no par value, 300,000 shares authorized; 143,534 and 142,198 shares issued; 138,987 and 139,607 shares outstanding in 2007 and 2006, respectively	1,222,176	1,147,872
Common stock in treasury, at cost	(199,961)	(99,964)
Accumulated other comprehensive income	11,243	6,975
Retained earnings	401,345	349,260
Total shareholders' equity	1,434,803	1,404,143
Commitments and contingencies		
Total liabilities and shareholders' equity	\$2,142,182	\$2,042,996

**Whole Foods Market, Inc.**  
**Consolidated Statements of Cash Flows (unaudited)**  
July 1, 2007 and July 2, 2006  
(In thousands)

	Forty weeks ended	
	July 1, 2007	July 2, 2006
<b>Cash flows from operating activities</b>		
Net Income	\$ 148,811	\$ 164,027
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	137,643	118,648
Loss (gain) on disposition of assets	3,562	(1,001)
Share-based compensation	10,687	4,383
Excess tax benefit related to exercise of employee stock options	(11,609)	(55,494)
Deferred income tax benefit	(13,553)	(19,073)
Deferred rent	9,950	13,547
Other	3,934	797
Net change in current assets and liabilities:		
Accounts receivable	3,066	19,445
Merchandise inventories	(42,278)	(38,182)
Prepaid expense and other current assets	2,828	(29,546)
Accounts payable	16,128	12,937
Accrued payroll, bonus and other benefits due team members	11,976	23,637
Other accrued expenses	20,389	124,585
Net cash provided by operating activities	301,534	338,710
<b>Cash flows from investing activities</b>		
Development costs of new store locations	(272,923)	(111,482)
Other property and equipment expenditures	(109,937)	(86,335)
Proceeds from hurricane insurance	-	3,308
Acquisition of intangible assets	(22,351)	(16,204)
Purchase of available-for-sale securities	(270,206)	(497,071)
Sale of available-for-sale securities	440,818	209,110
Decrease (increase) in restricted cash	57,785	(22,449)
Payment of acquisition-related costs	(3,841)	-
Net cash used in investing activities	(180,655)	(521,123)
<b>Cash flows from financing activities</b>		
Dividends paid	(71,711)	(336,889)
Issuance of common stock	47,742	208,641
Purchase of treasury stock	(99,997)	-
Excess tax benefit related to exercise of employee stock options	11,609	55,494
Payments on long-term debt and capital lease obligations	(65)	(5,612)
Net cash used in financing activities	(112,422)	(78,366)
Net change in cash and cash equivalents	8,457	(260,779)
Cash and cash equivalents at beginning of period	2,252	308,524
Cash and cash equivalents at end of period	\$ 10,709	\$ 47,745
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	\$ 232	\$ 531
Federal and state income taxes paid	\$ 107,926	\$ 18,679
<b>Non-cash transactions:</b>		
Conversion of convertible debentures into common stock	\$ 5,686	\$ 4,910

**Whole Foods Market, Inc.**  
**Non-GAAP Financial Measures (unaudited)**  
(In thousands)

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, the Company provides information regarding Economic Value Added (“EVA”) and Operating Cash Flow per Share in the press release as additional information about its operating results. These measures are not in accordance with, or an alternative to, GAAP. The Company’s management believes that these presentations provide useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses these measures for reviewing the financial results of the Company and EVA for incentive compensation and capital planning purposes.

The following is a tabular reconciliation of the EVA non-GAAP financial measure to GAAP net income, which the Company believes to be the most directly comparable GAAP financial measure.

<b>EVA</b>	Twelve weeks ended		Forty weeks ended	
	July 1, 2007	July 2, 2006	July 1, 2007	July 2, 2006
Net income	\$ 49,067	\$ 53,898	\$ 148,811	\$ 164,027
Provision for income taxes	32,711	35,931	99,207	109,351
Interest expense and other	6,760	4,176	20,542	10,780
NOPBT	88,538	94,005	268,560	284,158
Income taxes (40%)	35,415	37,602	107,424	113,663
NOPAT	53,123	56,403	161,136	170,495
Capital Charge	37,564	35,815	122,931	114,413
EVA	\$ 15,559	\$ 20,588	\$ 38,205	\$ 56,082

The following is a tabular reconciliation of the numerator of the Operating Cash Flow per Share non-GAAP financial measure to GAAP net income, which the Company believes to be the most directly comparable GAAP financial measure.

<b>Operating Cash Flow per Share</b>	Twelve weeks ended		Forty weeks ended	
	July 1, 2007	July 2, 2006	July 1, 2007	July 2, 2006
Net income	\$ 49,067	\$ 53,898	\$ 148,811	\$ 164,027
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	42,509	37,340	137,643	118,648
Loss (gain) on disposition of assets	852	242	3,562	(1,001)
Share-based compensation	4,168	1,309	10,687	4,383
Excess tax benefit related to exercise of employee stock options	(836)	(12,431)	(11,609)	(55,494)
Deferred income tax benefit	(4,169)	(13,356)	(13,553)	(19,073)
Deferred rent	7,206	7,219	9,950	13,547
Other	3,430	(1,921)	3,934	797
Net change in current assets and liabilities:				
Accounts receivable	11,284	28,026	3,066	19,445
Merchandise inventories	(6,469)	(12,395)	(42,278)	(38,182)
Prepaid expense and other current assets	4,684	(21,449)	2,828	(29,546)
Accounts payable	(2,664)	(227)	16,128	12,937
Accrued payroll, bonus and other benefits due team members	6,129	7,604	11,976	23,637
Other accrued expenses	7,364	50,020	20,389	124,585
Net cash provided by operating activities	\$ 122,555	\$ 123,879	\$ 301,534	\$ 338,710
Weighted average shares outstanding, diluted basis	141,250	145,925	142,366	145,567
Operating Cash Flow per Share	\$ 0.87	\$ 0.85	\$ 2.12	\$ 2.33