SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE
- --- ACT OF 1934

For the fiscal year ended August 31, 1996

Commission File Number 1-8504

UNIFIRST CORPORATION
(Exact name of registrant as specified in its charter)

Massachusetts	04-2103460
(State of Incorporation)	(IRS Employer Identification Number)

68 Jonspin Road
Wilmington, Massachusetts 01887
(Address of principal executive offices)

Registrant's telephone number, including area code: (508) 658-8888

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of each exchange on which shares are traded
Common Stock, $.10 par value per share	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definintive proxy or information incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The number of outstanding shares of UniFirst Corporation Common Stock and Class B Common Stock at November 18, 1996 were 7,888,864 and 12,621,744, respectively, and the aggregate market value of these shares held by non-affiliates of the Company on said date was $204,104,708 (based upon the closing price of the Company's Common Stock on the New York Stock Exchange on said date and assuming the market value of a share of Class B Common Stock (which is generally non-transferable, but is convertible at any time into one share of Common Stock) is identical to the market value of the Common Stock).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's 1996 Annual Report to Shareholders and the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders (which will be filed with the Securities and Exchange Commission within 120 days after the close of the 1996 fiscal year) are incorporated by reference into Parts II, III and IV hereof.

ITEM 1. BUSINESS
- -----------------

UniFirst is a leading company in the garment rental industry. The Company's services consist principally of manufacturing, renting, cleaning, and delivering a variety of industrial employment garments on a periodic basis, usually weekly. The Company also decontaminates and cleans, in separate facilities, garments which may have been exposed to radioactive materials. Customer billings are rendered and recorded as revenues when services are performed.

The Company's principal business, since its inception, has been the rental and servicing of industrial employment uniforms and protective clothing (such as shirts, pants, jackets, coveralls, jumpsuits, lab coats, smocks and aprons) as well as industrial wiper towels, floor mats and other non-garment items. The Company services its customers by picking up the soiled items on a periodic basis, usually weekly, and delivering at the same time cleaned and processed items.

Through the Company's services, customers are provided with personalized uniforms and protective work clothing for their employees without the necessity of investing working capital, which is particularly advantageous to customers whose worker turnover is high. The Company's centralized services, specialized equipment and economies of scale generally allow it to be more cost effective in providing garment services than the customers could be by themselves. In order to better service its customers, the Company maintains a relatively higher level of inventory of garments in stock than it believes customary in the industry. Customers are given a broad selection of styles, colors, sizes, fabrics and personalized emblems from which to choose. The Company's uniform program is intended not only to upgrade the image of the customers, but also to improve the effectiveness, morale, safety and satisfaction of their employees.

The Company services a wide variety of manufacturers, retailers and service companies, including automobile dealers and service stations, bakeries, transportation companies and agricultural processors. Substantially all of the Company's rental services are provided pursuant to written contracts, primarily for a term of five years. The Company services over 100,000 customer locations in 44 states and Canada from 109 service locations and distribution centers. For fiscal 1994, 1995 and 1996, the Company's garment rental operations produced approximately 66%, 67% and 67%, respectively, of its revenues, and non-garment rental items and sales accounted for another 25%, 25% and 26% of its revenues in each of those years, with no single customer accounting for more than 1% of total revenues in any year.

The Company manufactures work pants and shirts for its garment rental operations in its plants in Luquillo, Puerto Rico and Cave City, Arkansas, respectively. In 1996 the Company began manufacturing other items, primarily jackets, at a third plant in Wilburton, Oklahoma. These plants produced approximately 53% of all employment garments which the Company placed in service during fiscal 1996. In 1995, the Company's manufacturing level was approximately 49%.

The Company is also in the specialized business of decontaminating and cleaning work clothes which may have been exposed to radioactive materials. The Company's customers in this market include government agencies, research and development laboratories and utilities operating nuclear reactors. The Company operates 11 decontamination facilities, located in Massachusetts, New Mexico, California, Washington, Hawaii, Pennsylvania, South Carolina, Virginia, Georgia, Illinois and the Netherlands. For fiscal 1994, 1995 and 1996, the Company's nuclear garment services business produced approximately 9%, 8% and 7%, respectively, of its revenues.

MARKETING

The Company markets its services to potential customers through approximately 265 trained sales representatives whose sole function is to develop new sales by adding new accounts and who have no direct responsibility for servicing customer accounts. Potential customers are contacted by mail, by telephone and in-person. Sales representatives develop their own appointments through the use of an extensive proprietary database of pre-screened and qualified business prospects.

The Company believes that customer service is the most important element in developing and maintaining its market position. As of August 31, 1996, existing accounts were serviced by approximately 850 route salespersons and 470 service support people who together are responsible for providing prompt delivery service and ensuring expeditious handling of customer requirements regarding billings, adjustments, garment repairs and other matters. The Company's policy is to resolve all customer inquiries and problems within 24 hours.

The Company believes that its distinction between sales and service personnel, which allows the route salespersons to monitor and maximize existing customer satisfaction while others promote an ongoing new business effort, is an important part of its competitive strategy.

Customer service is enhanced by the Company's management information systems, which provide instantaneous access to information on the customer employees serviced by the Company. Available data includes the status of customer orders, inventory availability, shipping information and personal data regarding individual customer employees, including names, sizes, uniform styles and colors.

The Company's emphasis on customer service is reflected throughout the Company's business. The Company believes that ownership of its own manufacturing facilities increases its ability to control the quality of its garments. The Company believes its industrial cleaning facilities are among the most modern in the industry.

Expansion by the Company into new market areas is achieved through an acquisition program and internal growth. Internal expansion normally results from extending sales routes into new market areas and then servicing the new accounts from one of the Company's existing facilities. Since internal expansion is thus limited to contiguous areas, the Company also has an acquisition program to permit it to expand more widely into new market areas. The Company believes that acquisitions are an effective manner of expanding its customer base and foresees this avenue as an important source of growth.

COMPETITION

The markets serviced by the Company are highly competitive. Although the Company is one of the larger companies engaged in the business of renting and cleaning employment garments, there are other firms in the industry which are larger and have greater financial resources than the Company. The principal methods of competition in the industry are quality of service and price. The Company believes that its ability to compete effectively is due primarily to the superior service and support systems which it provides to its customers.

RAW MATERIALS

The Company obtained through its manufacturing operations approximately 53% of all garments which it placed in service during fiscal 1996, with other items and the balance of garments being purchased from a variety of suppliers. The Company has experienced no significant difficulty in obtaining any of its raw materials or supplies.

EMPLOYEES

The Company employs approximately 6,600 persons, about 6% of whom are represented by unions pursuant to 6 separate collective bargaining agreements. The Company considers its employee relations to be satisfactory.

EXECUTIVE OFFICERS

The executive officers of the Company are as follows:

NAME	AGE	POSITION
Aldo A. Croatti	78	Chairman of the Board
Ronald D. Croatti	53	Vice Chairman of the Board, President and Chief Executive Officer
Robert L. Croatti	60	Executive Vice President
John B. Bartlett	55	Senior Vice President and Chief Financial Officer
Cynthia Croatti	41	Treasurer
Bruce P. Boynton	48	Vice President, Canadian Operations
Dennis G. Assad	51	Vice President, Sales and Marketing

Aldo A. Croatti has been Chairman of the Board since the Company's incorporation in 1950 and of certain of its predecessors since 1940.

Ronald D. Croatti has been Vice Chairman of the Board and Chief Executive Officer for more than the past five years and President since August 31, 1995.

Robert L. Croatti has been Executive Vice President for more than the past five years.

John B. Bartlett has been Senior Vice President and Chief Financial Officer for more than the past five years.

Cynthia Croatti has been Treasurer for more than the past five years.

Bruce P. Boynton has been Vice President, Canadian Operations for more than the past five years.

Dennis G. Assad has been Vice President, Sales and Marketing since August 31, 1995. Prior to that he was a Regional General Manager of the Company for more than five years.

Ronald D. Croatti, Robert L. Croatti and Cynthia Croatti are a son, nephew and daughter, respectively, of Aldo A. Croatti.

ENVIRONMENTAL MATTERS

All industrial laundries use and have to dispose of detergent waste water and/or dry cleaning residues. The Company is aware of the environmental concerns surrounding the disposal of these materials and has taken steps to avoid their improper disposal. Although from time to time the Company is subject to administrative and judicial proceedings involving environmental matters, the Company does not foresee a material effect on its earnings or competitive position in connection with such proceedings or its compliance with federal, state and local provisions regulating the environment. The Company's nuclear garment decontamination facilities are licensed by the Nuclear Regulatory Commission or, in certain instances, by the applicable state agency.

The Company and several other unaffiliated parties have been identified by the United States Environmental Protection Agency ("EPA") as having contributed to the presence of hazardous substances in the ground water in Woburn, Massachusetts. The Company has not incurred, and does not currently anticipate incurring, expenses in connection therewith which would have a material adverse effect on its financial position or results of operations as a result thereof.

ITEM 2. PROPERTIES

At August 31, 1996 the Company owned or occupied 123 facilities containing an aggregate of approximately 3.1 million square feet located in the United States, Canada, Puerto Rico and the Netherlands. The Company owns 71 of these facilities containing approximately 2.4 million square feet.

The following chart summarizes certain information with respect to the principal properties currently owned or leased by the Company.

LOCATION	APPROXIMATE SQUARE FEET
Executive Office & Distribution Center	
Wilmington, MA	132,000
Rental Garment Servicing Facilities	
Pittsburgh, PA	96,000
Ontario, CA	90,000
Springfield, MA	68,000
Washington, DC	57,000
Dallas, TX	55,000
Nashua, NH	54,000
Stratford, CT	54,000
Miami, FL	50,000
Boston, MA	48,000
Houston, TX	48,000
Corpus Christi, TX	46,000
Tampa, FL	46,000
Columbus, OH	45,000

Odessa, TX	45,000
Richmond, VA	45,000
Portland, ME	44,000
Harlingen, TX	42,000
Toronto, Ontario, Canada	41,000
Buffalo, NY	40,000
Lubbock, TX	40,000
Portland, OR	40,000
Tulsa, OK	40,000
Ocala, FL	38,000
Los Angeles, CA	37,000
Lebanon, NH	36,000
Uvalde, TX	36,000
Vancouver, British Columbia, Canada	35,000
Charlotte, NC	34,000
Philadelphia, PA	34,000
San Antonio, TX	34,000
Albuquerque, NM	33,000
Amarillo, TX	33,000
Norfolk, VA	33,000
Cincinnati, OH	32,000
McAllen, TX	32,000
Baltimore, MD	30,000
Bangor, ME	30,000

Garment Manufacturing Facilities	
Cave City, AR	62,000
Luquillo, PR	44,000
Distribution Center	
Macon, GA	39,000
Nuclear Garment Decontamination Facilities	
Royersford, PA	39,000
Richland, WA	37,000

The Company owns all the machinery and equipment used in its operations. In the opinion of the Company, all of its facilities and its production, cleaning and decontamination equipment have been well maintained, are in good condition and are adequate for the Company's present needs.

The Company owns and leases a fleet of approximately 1,500 delivery vans, trucks and other vehicles. The Company believes that these vehicles are in good repair and are adequate for the Company's present needs.

ITEM 3. LEGAL PROCEEDINGS

From time to time the Company is subject to legal proceedings and claims arising from the conduct of its business operations, including personal injury, customer contract, employment claims and environmental matters as described in Item 1 above. The Company maintains insurance coverage providing indemnification against the majority of such claims and management does not expect that any material loss to the Company will be sustained as a result thereof.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

See the section entitled "Common Stock Prices and Dividends Per Share" which is incorporated herein by reference, as part of the Company's 1996 Annual Report to Shareholders.

ITEM 6. SELECTED FINANCIAL DATA

See the section entitled "Eleven Year Financial Summary" which is incorporated herein by reference, as part of the Company's 1996 Annual Report to Shareholders.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" which is incorporated herein by reference, as part of the Company's 1996 Annual Report to Shareholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and the accompanying notes, which are incorporated herein by reference to the Company's 1996 Annual Report to Shareholders, are indexed herein under Items 14(a)(1) and (2) of Part IV.

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

Not applicable

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Incorporated by reference to the information provided under the caption "Election of Directors" in the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to the information provided under the caption "Summary Compensation Table" in the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference to the information provided under the captions "Election of Directors" and "Principal Shareholders" in the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference to the information provided under the caption "Certain Transactions" in the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The financial statements listed below are filed as part of this report:

1. and 2. Financial Statements and Financial Statement Schedules.

The financial statements and financial statement schedules listed below are incorporated herein by reference to the Company's 1996 Annual Report to Shareholders.

Consolidated balance sheets as of August 31, 1996 and August 26, 1995

Consolidated statements of income for each of the three years in the period ended August 31, 1996

Consolidated statements of shareholders' equity for each of the three years in the period ended August 31, 1996

Consolidated statements of cash flows for each of the three years in the period ended August 31, 1996

Notes to consolidated financial statements

Report of independent public accountants

The following additional schedules are filed herewith:

Report of independent public accountants on supplemental schedule to the consolidated financial statements.

Schedule II -

Valuation and qualifying accounts and reserves for each of the three years in the period ended August 31, 1996.

Separate financial statements of the Company have been omitted because the

Company is primarily an operating company and all subsidiaries included in the consolidated financial statements are totally held.

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

3. EXHIBITS. The exhibits listed in the accompanying Exhibit Index are filed as part of this report.

(b) During the three months ended August 31, 1996 the Company did not file any reports on Form 8-K with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UniFirst Corporation

By: Aldo A. Croatti
Aldo A. Croatti
Chairman

Date: November 27, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	TITLE	DATE
Aldo A. Croatti Aldo A. Croatti	Chairman and Director	November 27, 1996
Ronald D. Croatti Ronald D. Croatti	Principal Executive Officer and Director	November 27, 1996
John B. Bartlett John B. Bartlett	Principal Financial Officer and Principal Accounting Officer	November 27, 1996
Cynthia Croatti Cynthia Croatti	Director	November 27, 1996

Donald J. Evans - ----------------------- Donald J. Evans	Director	November 27, 1996
Reynold L. Hoover - ----------------------- Reynold L. Hoover	Director	November 27, 1996
Albert Cohen - ----------------------- Albert Cohen	Director	November 27, 1996

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SUPPLEMENTAL SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of UniFirst Corporation:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in this Form 10-K, and have issued our report thereon dated November 4, 1996. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedule to the consolidated financial statements listed as Item 14(a)(2) in this Form 10-K is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein, in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
November 4, 1996

UNIFIRST CORPORATION AND SUBSIDIARIES

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED AUGUST 31, 1996

Description	Balance, Beginning of Period	Charged to Costs and Expenses	Charges for Which Reserves Were Created	Balance, End of Period

For the year ended August 31, 1996

Allowance for doubtful accounts	$734,000	$1,850,000	$(1,741,000)	$843,000

For the year ended August 26, 1995

Allowance for doubtful accounts	$582,000	$1,335,000	$(1,183,000)	$734,000

For the year ended August 27, 1994

Allowance for doubtful accounts	$440,000	$1,179,000	$(1,037,000)	$582,000

EXHIBIT INDEX

Description

3-A Restated Articles of Organization -- incorporated by reference to Exhibit 3-A to the Company's Registration Statement on Form S-1 (No. 2-83051) -- and the Articles of Amendment dated January 12, 1988, a copy of which was filed on an exhibit to the Company's Annual Report on Form 10-K for fiscal year ended August 27, 1988 -- and the Articles of Amendment dated January 21, 1993, a copy of which was filed on an exhibit to the Company's Quarterly Report on Form 10-Q for fiscal quarter ended February 27, 1993.

3-B By-laws -- incorporated by reference to Exhibit 3-B to the Company's Annual Report on Form 10-K for fiscal year ended August 31, 1991.

10-A UniFirst Corporation Profit Sharing Plan -- incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (number 33-60781) -- and the Amendment dated June 27, 1995 filed herewith.

10-C Metropolitan Life Insurance Company Loan Agreement covering issuance of $15,000,000 9-1/4% Senior Notes -- incorporated by reference to Exhibit 10-F to the Company's Annual Report on Form 10-K for fiscal year ended August 29, 1987.

10-D UniFirst Corporation 1996 Stock Incentive Plan filed herewith.

13 The Company's 1996 Annual Report to Shareholders (filed herewith to the extent expressly incorporated by reference herein).

22 List of Subsidiaries

23 Consent of Arthur Andersen LLP

27 Financial Data Schedule

Exhibit 10-A

AMENDMENT
UNIFIRST CORPORATION PROFIT SHARING PLAN

- --

WHEREAS, UniFirst Corporation ("UniFirst") sponsors the UniFirst Corporation Profit Sharing Plan (the "Plan"); and

WHEREAS, assets of the Plan are held in two trusts, one of which is designated as the Participant-Directed trust and the other as the Trustee-Managed Trust; and

WHEREAS, the Trustees of the Trustee-Managed Trust (who serve as the Plan Administrator and are hereafter referred to as the "Plan Administrator") are empowered to direct the special Trustee of the Participant-Directed Trust as to the way in which UniFirst Common Stock ("UniFirst Common Stock") held in the Participant-Directed Trust will be voted; and

WHEREAS, the Plan provides in [Section]10A.11 that the Plan Administrator may establish procedures under which participants and beneficiaries (hereafter collectively referred to as "Participants") may give directions as to the manner in which UniFirst Common Stock held in their accounts in the Participant-Directed Trust will be voted; and

WHEREAS, on or about July 1, 1995, the Plan will permit Participants to purchase shares of UniFirst Common Stock for their accounts in the Participant-Directed Trust; and

WHEREAS, the Plan Administrator wishes to adopt an amendment establishing procedures for Participant voting instructions with respect to such securities.

NOW THEREFORE, the following [Section]10A.12 is added to the Plan, effective July 1, 1995:

10A.12 PARTICIPANT DIRECTION.

1. The following procedure is implemented pursuant to [Section]10A.11. The procedure applies with respect to all shares of Unifirst Common Stock held by the Participant-Directed Trust during such times as the shares are considered registration-type securities within the meaning of Code [Section]409(e)(2).

2. Whenever an issue arises which calls for a vote of holders of Unifirst Common Stock, each Participant shall be entitled to direct the manner in which the shares allocated to his or her account in the Participant-Directed Trust are to be voted.

3. It is intended that the voting procedure be confidential and that the Plan Administrator, and any and all other persons, not be informed of the names and voting instructions of individual Participants (such information to be kept specifically, but without limitation, from officers, directors, or other employees at UniFirst) and that the Plan Administrator may only have access to the overall results of any vote, with specific information as to the number of affirmative, negative and abstaining votes on any issue. To this end, the Plan Administrator may employ agents (including the Trustee of the Participant-Directed Trust or an agent or affiliate of it) to solicit proxies from Participants, to maintain the results on a confidential basis, and to communicate such results on a confidential basis so that the UniFirst Common Shares in the Participant-Directed Trust may be voted by the Trustee of that

Trust accordingly.

4. Participant directions must be provided on proxy cards properly returnable to the designated confidential agent of the Plan Administrator appointed for that purpose. For shares for which no proxy statement is returned by a Participant, it will be deemed that the Participant has directed that the shares are not to be voted.

5. To the extent that the Trustee of the Trustee-Directed Trust votes in accordance with the Participant votes tabulated by the agent of the Plan Administrator, it shall be fully protected and shall be deemed to have acted in accordance with the voting instructions of the Plan Administrator.

6. In the event of a tender offer for the Shares of UniFirst Common Stock, Participants shall be offered comparable confidential rights to accept or reject the tender offer.

IN WITNESS WHEREOF, this Amendment has been executed on the 27th day of June, 1995.

For the Trustees of
the Trustee-Managed Trust:

Ronald D. Croatti

Ronald D. Croatti, Trustee

EXHIBIT 10-D

UNIFIRST CORPORATION
1996 STOCK INCENTIVE PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS.

The name of the plan is the UniFirst Corporation 1996 Stock Incentive Plan (the "Plan"). The purpose of the Plan is to encourage and enable the personnel of UniFirst Corporation (the "Company") and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business, to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"Act" means the Securities Exchange Act of 1934, as amended.

"Award" or "Awards", except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Unrestricted Stock Awards and Performance Share Awards.

"Award Agreement" means the agreement executed and delivered by the Company and the recipient of an Award.

"Board" means the Board of Directors of the Company.

"Cause" means for purposes of the Plan a determination of the Board that the employee should be dismissed as a result of (i) serious and willful misconduct that is injurious to the Company; (ii) the employee's conviction of (whether or not such conviction is subject to appeal), or entry of a plea of guilty or nolo contendere to, any crime or offense involving fraud, personal dishonesty or moral turpitude or which constitutes a felony in the jurisdiction involved; or (iii) the employee's continuing repeated willful failure or refusal to perform such employee's duties to the Company.

"Change of Control" is defined in Section 14.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"Committee" means a Committee of the Board referred to in Section 2 if one shall have been appointed to administer the Plan; otherwise "Committee" means the Board.

"Disability" means disability as set forth in Section 22(e)(3) of the Code.

"Effective Date" is defined in Section 16.

"Fair Market Value" on any given date means the last sale price at which Stock is traded on such date or, if no Stock is traded on such date, the most recent date on which Stock was traded, as reflected on the New York Stock Exchange or, if applicable, any other national stock exchange on which the Stock is traded.

"Incentive Stock Option" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

"Normal Retirement" means retirement from active employment with the Company and its Subsidiaries in accordance with the retirement policies of the Company and its Subsidiaries then in effect.

"Option" or "Stock Option" means any option to purchase shares of Stock granted pursuant to Section 5.

"Performance Share Award" means an Award granted pursuant to Section 9(a).

"Restricted Stock Award" means an Award granted pursuant to Section 7(a).

"Stock" means the Common Stock, $0.10 par value, of the Company, subject to adjustment pursuant to Section 3.

"Stock Appreciation Right" means an Award granted pursuant to Section 6(a).

"Subsidiary" means any corporation or other entity (other than the Company) in any unbroken chain of corporations or other entities, beginning with the Company if each of the corporations or entities (other than the last corporation or entity in the unbroken chain) owns stock or other interests possessing 50% or more of the total combined voting power of all classes of stock or other interests in one of the other corporations or entities in the chain.

"Unrestricted Stock Award" means an Award granted pursuant to Section 8.

SECTION 2. ADMINISTRATION OF PLAN; COMMITTEE AUTHORITY TO SELECT PARTICIPANTS AND DETERMINE AWARDS, ETC.

(a) Committee. The Plan shall be administered by the Board, unless the Board shall have appointed the Compensation Committee to administer the Plan. It is presently contemplated that the Board, and not the Compensation Committee, will administer the Plan.

(b) Powers of Committee. The Committee shall have the authority to grant Awards consistent with the terms of the Plan, including the authority at any time:

(i) to select the officers and other employees of the Company and its Subsidiaries to whom Awards may from time to time be granted (collectively the "participants" and individually a "participant");

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Unrestricted Stock and Performance Shares, or any combination of the foregoing, granted to any one or more participants;

(iii) to determine the number of shares to be covered by any Award;

(iv) to determine and modify the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and participants, and to approve the form of Award Agreements;

(v) to determine whether, to what extent, and under what circumstances Stock and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the participant and whether and to what extent the Company shall pay or credit amounts equal to interest (at rates determined by the Committee) or dividends or deemed dividends on such deferrals;

(vi) to accelerate the exercisability or vesting of all or any portion of any Award;

(vii) subject to the provisions of Section 5(a)(ii), to extend the period in which Stock Options may be exercised; and

(viii) to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related Award Agreements); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Committee shall be binding on all persons, including the Company and Plan participants.

SECTION 3. SHARES ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION.

(a) Shares Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 150,000. For purposes of this limitation, the shares of Stock underlying any Awards which are forfeited, canceled, reacquired by the Company, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. Subject to such overall limitation, shares may be issued up to such maximum number pursuant to any type or types of Award, including Incentive Stock Options. Shares issued under the Plan may be authorized but unissued shares or shares reacquired by the Company. Upon the exercise of a Stock Appreciation Right settled in stock, the right to purchase an equal number of shares of Stock covered by a related Stock Option, if any, shall be deemed to have been surrendered and will no longer be exercisable, and said number of shares shall no longer be available under the Plan.

(b) Recapitalizations. If, through or as a result of any merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, the Committee shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, (ii) the number of Stock Options or Stock Appreciation Rights that can be granted to any one individual participant, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, and (iv) the price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The adjustment by the Committee shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Committee in its discretion may make a cash payment in lieu of fractional shares.

(c) Mergers. Upon consummation of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding shares of Stock are exchanged for securities, cash or other property of an unrelated corporation or business entity or in the event of a liquidation of the Company (in each case, a "Transaction"), the Board, or the board of directors of any corporation assuming the obligations of the Company, may, in its discretion, take any one or more of the following actions, as to outstanding Stock Options and Stock Appreciation Rights: (i) provide that such Stock Options and Stock Appreciation Rights shall be assumed or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to the optionees, provide that all unexercised Stock Options and Stock Appreciation Rights will terminate immediately prior to the consummation of the Transaction unless exercised by the optionee within a specified period following the date of such notice, and/or (iii) in the event of a business combination under the terms of which holders of the Stock of the Company will receive upon consummation thereof a cash payment for each share surrendered in the business combination, make or

provide for a cash payment equal to the difference between (A) the value (as determined by the Committee) of the consideration payable per share of Stock pursuant to the business combination (the "Merger Price") times the number of shares of Stock subject to such outstanding Stock Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Stock Options and Stock Appreciation Rights in exchange for the termination of such Stock Options and Stock Appreciation Rights. In the event Stock Options and Stock Appreciation Rights will terminate upon the consummation of the Transaction, each optionee shall be permitted, within a specified period determined by the Committee, to exercise all non-vested Stock Options and Stock Appreciation Rights, subject to the consummation of the Transaction.

(d) Substitute Awards. The Committee may grant Awards under the Plan in substitution for stock and stock based awards held by employees of another corporation who become employees of the Company or a Subsidiary as the result of a merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Committee may direct that the substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

SECTION 4. ELIGIBILITY.

Participants in the Plan may be such officers and other employees of the Company and its Subsidiaries who are responsible for or contribute to the management, growth or profitability of the Company and its Subsidiaries and who are selected from time to time by the Committee, in its sole discretion.

SECTION 5. STOCK OPTIONS.

Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. To the extent that any option does not qualify as an Incentive Stock Option, it shall constitute a Non-Qualified Stock Option.

No Incentive Stock Option shall be granted under the Plan after November 5, 2006.

(a) Stock Options Granted to Officers and Other Employees. The Committee, in its discretion, may grant Stock Options to officers and other employees of the Company or any Subsidiary. Stock Options granted to such participants pursuant to this Section 6(a) shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(i) Exercise Price. The per share exercise price of a Stock Option shall be determined by the Committee at the time of grant but shall be, in the case of Incentive Stock Options, not less than 100% of Fair Market Value on the date of grant. If a participant owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Subsidiary or parent corporation and an Incentive Stock Option is granted to such participant, the option price shall be not less than 110% of Fair Market Value on the grant date.

(ii) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Incentive Stock Option shall be exercisable more than ten years after the date the option is granted. If a participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Subsidiary or

parent corporation and an Incentive Stock Option is granted to such participant, the term of such option shall be no more than five years from the date of grant.

(iii) Exercisability; Rights of a Shareholder. Stock Options shall become vested and exercisable at such time or times, whether or not in installments, as shall be determined by the Committee at or after the grant date. An optionee shall have the rights of a shareholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(iv) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods:

(A) In cash, by certified or bank check or other instrument acceptable to the Committee;

(B) In the form of shares of Stock that are not then subject to restrictions under any Company plan, if permitted by the Committee, in its discretion and that have been beneficially owned by the optionee for at least six months. Such surrendered shares shall be valued at Fair Market Value on the exercise date; or

(C) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price; provided that in the event the optionee chooses to pay the option purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure.

Payment instruments will be received subject to collection. The delivery of certificates representing shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Stock Option or applicable provisions of laws.

(v) Non-transferability of Options. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee. Notwithstanding the foregoing, the Committee may permit the optionee to transfer, without consideration for the transfer, his Non-Qualified Stock Options to members, of his immediate family, or to trusts for the benefit of such family members, and to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable option agreement.

(vi) Termination by Death. If any optionee's employment by the Company and its Subsidiaries terminates by reason of death, the Stock Option may thereafter be exercised, to the extent exercisable at the date of death, by the legal representative or legatee of the optionee, for a period of one year (or such shorter period as the Committee shall specify at the time of grant or such longer period as the Committee shall specify at any time) from the date of death, or until the expiration of the stated term of the Option, if earlier.

(vii) Termination by Reason of Disability or Normal Retirement.

(A) Any Stock Option held by an optionee whose employment by the Company and its Subsidiaries has terminated by reason of Disability may thereafter be exercised, to the extent it was exercisable at the time of such termination, for a period of one year (or such shorter period as the

Committee shall specify at the time of grant or such longer period as the Committee shall specify at any time) from the date of such termination of employment, or until the expiration of the stated term of the Option, if earlier.

(B) (1) Any Non-Qualified Stock Option held by an optionee whose employment by the Company and its Subsidiaries has terminated by reason of Normal Retirement may thereafter be exercised, to the extent it was exercisable at the time of such termination, for a period of one year (or such shorter period as the Committee shall specify at the time of grant or such longer period as the Committee shall specify at any time) from the date of such termination of employment, or until the expiration of the stated term of the Option, if earlier.

(2) Any Incentive Stock Option held by an optionee whose employment by the Company and its Subsidiaries has terminated by reason of Normal Retirement may thereafter be exercised, to the extent it was exercisable at the time of such termination, for a period of three months (or such shorter period as the Committee shall specify at the time of grant or such longer period as the Committee shall specify at any time) from the date of such termination of employment, or until the expiration of the stated term of the Option, if earlier.

(C) The Committee shall have sole authority and discretion to determine whether a participant's employment has been terminated by reason of Disability or Normal Retirement.

(D) Except as otherwise provided by the Committee at the time of grant, the death of an optionee during a period provided in this Section 5(a)(vii) for the exercise of a Non-Qualified Stock Option (or during the final year of such period if longer than one year), shall extend such period for one year following death, subject to termination on the expiration of the stated term of the Option, if earlier.

(viii) Termination for Cause. If any optionee's employment by the Company and its Subsidiaries has been terminated for Cause, any Stock Option held by such optionee shall immediately terminate and be of no further force and effect; provided, however, that the Committee may, in its sole discretion, provide that such stock option can be exercised for a period of up to three months from the date of termination of employment or until the expiration of the stated term of the Option, if earlier.

(ix) Other Termination. Unless otherwise determined by the Committee, if an optionee's employment by the Company and its Subsidiaries terminates for any reason other than death, Disability, Normal Retirement or for Cause, any Stock Option held by such optionee may thereafter be exercised, to the extent it was exercisable on the date of termination of employment, for a period of three months (or such shorter period as the Committee shall specify at the time of grant or such longer period as the Committee shall specify at any time) from the date of termination of employment or until the expiration of the stated term of the Option, if earlier.

(x) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its Subsidiaries become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000.

(xi) No Restrictions on Shares Issued Upon Exercise. Shares of Stock issued upon exercise of a Stock Option shall be free of all restrictions under the Plan, except as otherwise provided in this Plan.

(b) Reload Options. At the discretion of the Committee, Options granted under Section 5(a) may include a so-called "reload" feature pursuant to which an optionee exercising an Option and paying the

purchase price by the delivery of a number of shares of Stock in accordance with Section 5(a)(iv)(B) hereof would automatically be granted an additional Option (with an exercise price equal to the Fair Market Value of the Stock on the date the additional Option is granted and with the same expiration date as the original Option being exercised, and with such other terms as the Committee may provide) to purchase that number of shares of Stock equal to the number delivered to pay the purchase price in connection with the exercise of the original Option.

SECTION 6. STOCK APPRECIATION RIGHTS; DISCRETIONARY PAYMENTS.

(a) Nature of Stock Appreciation Right. A Stock Appreciation Right is an Award entitling the recipient to receive an amount in cash or shares of Stock (or in a form of payment permitted under Section 6(e) below) or a combination thereof having a value equal to (or if the Committee shall so determine at time of grant, less than) the excess of the Fair Market Value of a share of Stock on the date of exercise over the exercise price per share set by the Committee at the time of grant (or over the option exercise price per share, if the Stock Appreciation Right was granted in tandem with a Stock Option) multiplied by the number of shares with respect to which the Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(b) Grant and Exercise of Stock Appreciation Rights. The Committee, in its discretion, may grant Stock Appreciation Rights to any officers or other employees of the Company or any Subsidiary in tandem with, or independently of, any Stock Option granted pursuant to Section 5(a) of the Plan. In the case of a Stock Appreciation Right granted in tandem with a Non-Qualified Stock Option, such Stock Appreciation Right may be granted either at or after the time of the grant of such Option. In the case of a Stock Appreciation Right granted in tandem with an Incentive Stock Option, such Stock Appreciation Right may be granted only at the time of the grant of the Option.

A Stock Appreciation Right or applicable portion thereof granted in tandem with a Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, except that, at the Committee's discretion, a Stock Appreciation Right granted with respect to less than the full number of shares covered by a related Stock Option shall only so terminate if and to the extent that the number of shares covered by the exercise or termination of the related Stock Option exceeds the number of shares not covered by such Stock Appreciation Right.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Committee, subject to the following:

(i) Stock Appreciation Rights granted in tandem with Stock Options shall be exercisable at such time or times and to the extent that the related Stock Options shall be exercisable.

(ii) Upon exercise of a Stock Appreciation Right, the applicable portion of any related Stock Option shall be surrendered.

(iii) Stock Appreciation Rights granted in tandem with a Stock Option shall be transferable only when and to the extent that the underlying Stock Option would be transferable. Stock Appreciation Rights not granted in tandem with a Stock Option shall not be transferable otherwise than by will or the laws of descent or distribution. All Stock Appreciation Rights shall be exercisable during the participant's lifetime only by the participant or the participant's legal representative.

(d) No Restrictions on Shares Issued Upon Exercise. Shares of Stock issued upon exercise of a Stock Appreciation Right shall be free of all restrictions under the Plan, except as otherwise provided in this Plan.

SECTION 7. RESTRICTED STOCK AWARDS.

(a) Nature of Restricted Stock Award. The Committee, in its discretion, may grant Restricted Stock Awards to any officers or other employees of the Company or any Subsidiary. A Restricted Stock Award is an Award entitling the recipient to acquire, at no cost or for a purchase price determined by the Committee, shares of Stock subject to such restrictions and conditions as the Committee may determine at the time of grant ("Restricted Stock"). Conditions may be based on continuing employment and/or achievement of pre-established performance goals and objectives. With the consent of an employee, a Restricted Stock Award may be granted to such employee by the Committee in lieu of any compensation otherwise due to such employee.

(b) Award Agreement. A participant who is granted a Restricted Stock Award shall have no rights with respect to such Award unless the participant shall have accepted the Award within 60 days (or such shorter date as the Committee may specify) following the award date by making payment to the Company by certified or bank check or other instrument or form of payment acceptable to the Committee in an amount equal to the specified purchase price, if any, of the shares covered by the Award and by executing and delivering to the Company a Restricted Stock Award Agreement in such form as the Committee shall determine.

(c) Rights as a Shareholder. Upon complying with Section 7(b) above, such participant shall have all the rights of a shareholder with respect to the Restricted Stock including voting and dividend rights, subject to non-transferability restrictions and Company repurchase or forfeiture rights described in this Section 7 and subject to such other conditions contained in the Restricted Stock Award Agreement. Unless the Committee shall otherwise determine, certificates evidencing shares of Restricted Stock shall remain in the possession of the Company until such shares are vested as provided in Section 7(e) below.

(d) Restrictions. Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein. In the event of termination of employment by the Company and its Subsidiaries for any reason (including death, Disability, Normal Retirement and for Cause), the Company shall have the right, at the discretion of the Committee, to repurchase shares of Restricted Stock with respect to which conditions have not lapsed at their purchase price, or to require forfeiture of such shares to the Company if acquired at no cost, from the participant or the participant's legal representative. The Company must exercise such right of repurchase or forfeiture not later than the 90th day following such termination of employment (unless otherwise specified in the Restricted Stock Award Agreement).

(e) Vesting of Restricted Stock. The Committee at the time of grant shall specify the date or dates and/or the attainment of performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed vested. The Committee at any time may accelerate such date or dates and otherwise waive or, subject to Section 12, amend any conditions of the Award.

(f) Waiver, Deferral and Reinvestment of Dividends. The Restricted Stock Award Agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the Restricted Stock.

SECTION 8. UNRESTRICTED STOCK AWARDS.

(a) Grant or Sale of Unrestricted Stock. The Committee may, in its discretion, grant (or sell at a purchase price determined by the Committee) to any officers or other employees of the Company or any Subsidiary shares of Stock free of any restrictions under the Plan ("Unrestricted Stock").

(b) Restrictions on Transfers. The right to receive Unrestricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution.

SECTION 9. PERFORMANCE SHARE AWARDS.

(a) Nature of Performance Shares. A Performance Share Award is an award entitling the recipient to acquire shares of Stock upon the attainment of specified performance goals. The Committee, in its discretion, may grant Performance Share Awards to any officers or other employees of the Company or any Subsidiary, including those who qualify for awards under other performance plans of the Company. The Committee shall determine whether and to whom Performance Share Awards shall be made, the performance goals applicable under each such Award, the periods during which performance is to be measured, and all other limitations and conditions applicable to such Award; provided, however, that the Committee may rely on the performance goals and other standards applicable to other performance-based plans of the Company in setting the standards for Performance Share Awards under the Plan. The Committee may make Performance Share Awards independently of or in connection with the granting of any other Award under the Plan.

(b) Restrictions on Transfer. Performance Share Awards and all rights with respect to such Awards may not be sold, assigned, transferred, pledged or otherwise encumbered.

(c) Rights as a Shareholder. A participant receiving a Performance Share Award shall have the rights of a shareholder only as to shares actually received by the participant under the Plan and not with respect to shares subject to the Award but not actually received by the participant. A participant shall be entitled to receive a stock certificate evidencing the acquisition of shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the written instrument evidencing the Performance Share Award (or in the performance plan adopted by the Committee).

(d) Termination. Except as may otherwise be provided by the Committee at any time prior to termination of employment, a participant's rights in all Performance Share Awards shall automatically terminate upon the participant's termination of employment by the Company and its Subsidiaries for any reason (including death, Disability, Normal Retirement and for Cause or without Cause).

(e) Acceleration, Waiver, Etc. At any time prior to the participant's termination of employment by the Company and its Subsidiaries, the Committee may in its sole discretion accelerate, waive or, subject to Section 12, amend any or all of the goals, restrictions or conditions imposed under any Performance Share Award.

SECTION 10. TAX WITHHOLDING.

(a) Payment by Participant. Each participant shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the participant for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, all Federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant.

(b) Payment in Shares. Subject to the approval of the Committee, a participant may elect to have such tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from

shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii) transferring to the Company shares of Stock owned by the participant with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

SECTION 11. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

(a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another;

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

SECTION 12. AMENDMENTS AND TERMINATION.

The Board may at any time amend or discontinue the Plan and the Committee may at any time amend or cancel any outstanding Award (or provide substitute Awards at the same or reduced exercise or purchase price or with no exercise or purchase price, but such price, if any, must satisfy the requirements which would apply to the substitute or amended Award if it were then initially granted under this Plan) for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. If and to the extent determined by the Committee to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders.

SECTION 13. STATUS OF PLAN.

With respect to the portion of any Award which has not been exercised and any payments in cash, stock or other consideration not received by a participant, a participant shall have no rights greater than those of a general creditor of the Company unless the Committee shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the provision of the foregoing sentence.

SECTION 14. CHANGE OF CONTROL PROVISIONS.

Upon the occurrence of a Change of Control as defined in this Section 14:

(a) Each Stock Option, Stock Appreciation Right and Performance Share Award shall automatically become fully exercisable, unless the Committee shall otherwise expressly provide at the time of grant.

(b) Restrictions and conditions on Awards of Restricted Stock shall automatically be deemed waived, and the recipients of such Awards shall become entitled to receipt of the Stock subject to such Awards.

(c) To the extent Section 14(a) hereof is not applicable to any Stock Options, Stock Appreciation Rights or Performance Share Awards, the Committee may at any time prior to or after a Change of Control accelerate the exercisability of any Stock Options, Stock Appreciation Rights and Performance Share Awards to the extent it shall in its sole discretion determine.

(d) "Change of Control" shall mean the occurrence of any one of the following events:

(i) persons who, as of the date hereof, constitute the Company's Board of Directors (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board, provided that any person becoming a director of the Company subsequent to the date hereof whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors shall, for purposes of this Plan, be considered an Incumbent Director; or

(ii) the stockholders of the Company shall approve (A) any consolidation or merger of the Company or any Subsidiary where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 50% of the voting stock of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company or (C) any plan or proposal for the liquidation or dissolution of the Company;

SECTION 15. GENERAL PROVISIONS.

(a) No Distribution, Compliance with Legal Requirements. The Committee may require each person acquiring shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof. No shares of Stock shall be issued pursuant to an Award until all applicable securities laws and other legal and stock exchange requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Delivery of Stock certificates to participants under this Plan shall be deemed effected for all purposes when the Company or a stock transfer agent of the Company shall have delivered such certificates in the United States mail, addressed to the participant, at the participant's last known address on file with the Company.

(c) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. Neither the adoption of the Plan nor the grant of any Award to any employee shall confer upon any employee any right to continued employment with the Company or any Subsidiary.

SECTION 16. EFFECTIVE DATE OF PLAN.

The Plan shall become effective upon approval by a majority of votes cast by the holders of the shares of the Common Stock and Class B Common Stock of the Company, voting together as a single class, at a meeting of stockholders at which a quorum is present. Subject to such approval by the stockholders, and to the requirement that no Stock may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of the Plan by the Board.

SECTION 17. GOVERNING LAW.

This Plan shall be governed by Massachusetts law except to the extent such law is preempted by federal law.

Exhibit 13

Management's Discussion and Analysis of Financial Condition and Results of Operations

UniFirst Corporation and Subsidiaries

Fiscal 1996 Compared with Fiscal 1995

In 1996 revenues increased $36.8 million or 10.4% over 1995. This increase can be attributed to an extra week of revenue (1.9%), acquisitions (1.7%), price increases (1.0%) and growth from existing operations (5.8%).

Income from operations increased to $40.9 million in 1996 from $34.5 million in 1995. As a percent of revenues, income from operations increased to 10.4% in 1996 from 9.7% in 1995. The main reason for the increase is improved profit margins in the Company's conventional uniform rental business, principally attributable to lower uniform merchandise costs. The Company also achieved comparative improvements from a restructuring of its service management and teleresources operations and contribution from its Canadian operations improved. Offsetting these advances were lower contributions from the Company's nuclear garment services business.

During 1996, net interest expense (interest expense less interest income) was $2.4 million as compared to $2.8 million in 1995. The decrease is attributable to lower average debt levels and lower interest rates during fiscal 1996.

The Company's effective income tax rate was 36.0% in 1996 and 35.0% in 1995. The increase is due primarily to reduced benefits from corporate-owned life insurance and higher state income taxes.

Fiscal 1995 Compared with Fiscal 1994

In 1995 revenues increased $37.0 million or 11.6% over 1994. This increase can be attributed to acquisitions (2.3%), price increases (1.0%) and growth from existing operations (8.3%).

Income from operations increased to $34.5 million in 1995 from $32.5 million in 1994. As a percent of revenues, income from operations decreased to 9.7% in 1995 from 10.2% in 1994. The primary reason for the decrease is the impact of higher uniform merchandise costs, which as a percent of revenues increased .8% over the prior year. This increase is due to additional new garments placed in service for new customers as well as higher replacement costs for existing customers. The Company also experienced comparatively higher expenses in the operation of its distribution centers and in the corporate-owned life insurance program costs, offset in part by improvements in employee related costs, primarily health insurance. Also, depreciation expense as a percent of revenues improved .2% compared to the prior year, and the Company's operating margins in Canada and in the nuclear garment services business showed improvement.

During 1995, net interest expense (interest expense less interest income) was $2.8 million as compared to $2.5 million in 1994. The increase is attributable to higher average debt levels during fiscal 1995.

The Company's effective income tax rate was 35.0% in 1995 and 37.0% in 1994. The decrease is due primarily to the favorable impact of a corporate-owned life insurance program.

Unifirst Corporation and Subsidiaries
Liquidity and Capital Resources

Shareholders' equity at August 31, 1996 was $191.1 million, 82.9% of total capitalization, indicating the overall strength of the Company's balance sheet.

Net cash provided by operating activities was $41.5 million in 1996 and totaled $113.8 million for the three years ended August 31, 1996. These cash flows were used primarily to fund $76.3 million in capital expenditures to expand and update Company facilities. Additionally, $28.6 million was used for acquisitions during this three year period.

The Company had $3.4 million in cash and cash equivalents as well as a line of credit to borrow an additional $29.5 million as of August 31, 1996. The Company believes its ability to generate cash from operations will adequately cover its foreseeable capital requirements.

Effects of Inflation

Inflation has had the effect of increasing the reported amounts of the Company's revenues and costs. The Company uses the last-in, first-out (LIFO) method to value a significant portion of inventories. This method tends to reduce the amount of income due to inflation included in the Company's results of operations. The Company believes that, through increases in its prices and productivity improvements, it has been able to recover increases in costs and expenses attributable to inflation.

Eleven Year Financial Summary
UniFirst Corporation and Subsidiaries
(Continued on next page)

Fiscal Year Ended August (in thousands, except ratios and per share amounts)	1996	1995	1994	1993	1992	1991	1990	1989
Summary of Operations								
Revenues	$391,794	$355,041	$318,039	$287,728	$268,190	$250,432	$226,682	$212,731
Income from operations, before depreciation and amortization	61,729	53,725	50,369	47,199	42,010	38,562	38,749	35,768
Depreciation and amortization	20,814	19,194	17,912	16,454	15,999	14,229	12,422	12,309
Income from operations	40,915	34,531	32,457	30,745	26,011	24,333	26,327	23,459
Interest expense (income), net	2,398	2,787	2,513	2,669	4,098	4,320	3,513	4,880
Other income	--	--	--	--	--	--	--	--
Provision for income taxes	13,855	11,110	11,073	10,387	7,570	6,803	8,516	6,968
Net income	24,662	20,634	18,871	17,689	14,343 *	13,210	14,298	11,611
Financial Position at Year End								
Total assets	$302,378	$272,691	$250,160	$219,064	$212,097	$204,398	$189,411	$172,389
Long-term obligations	39,365	36,376	41,602	32,231	47,641	52,032	53,134	53,735
Shareholders' equity	191,109	168,596	149,472	132,723	117,329	105,888	93,739	80,249
Financial Ratios								
Net income as a % of revenues	6.3%	5.8%	5.9%	6.1%	5.3%	5.3%	6.3%	5.5%
Return on average shareholders' equity	13.7%	13.0%	13.4%	14.1%	12.9%	13.2%	16.4%	15.6%
Weighted average number of shares outstanding	20,511	20,511	20,506	20,453	20,451	20,426	20,431	20,353
Per Share Data								
Revenues	$ 19.10	$ 17.31	$ 15.51	$ 14.07	$ 13.11	$ 12.26	$ 11.09	$ 10.45
Income from operations, before depreciation and amortization	3.01	2.62	2.46	2.31	2.05	1.89	1.90	1.76
Net income								
Primary	1.20	1.01	0.92	0.86	0.70	0.65	0.70	0.57

Fully diluted	1.20	1.01	0.92	0.86	0.67	0.63	0.67	0.56
Shareholders' equity	9.32	8.22	7.29	6.49	5.74	5.18	4.59	3.94
Dividends								
Common stock	.11	.10	.10	.10	.06	.06	.06	.05
Class B common stock	.09	.08	.08	.04	--	--	--	--

<FN>
Per share amounts for all years have been restated to reflect a two-for-one stock split declared by the Board of Directors on November 18, 1993.

* Amount reflects income before extraordinary item and accounting change. Net income was $12,923.

Eleven Year Financial Summary (Continued)
UniFirst Corporation and Subsidiaries

Fiscal Year Ended August (in thousands, except ratios and per share amounts)	1988	1987	1986
Summary of Operations			
Revenues	$196,296	$159,900	$114,235
Income from operations, before depreciation and amortization	32,207	28,161	21,425
Depreciation and amortization	12,298	10,494	5,890
Income from operations	19,909	17,667	15,535
Interest expense (income), net	5,965	4,622	225
Other income	--	1,300	--
Provision for income taxes	5,289	6,530	6,990
Net income	8,655	7,815	8,320
Financial Position at Year End			
Total assets	$171,010	$166,304	$ 97,145
Long-term obligations	66,476	69,505	22,209
Shareholders' equity	69,127	60,681	53,637
Financial Ratios			
Net income as a % of revenues	4.4%	4.9%	7.3%
Return on average shareholders' equity	13.3%	13.7%	16.6%
Weighted average number of shares outstanding	20,168	20,158	20,158
Per Share Data			
Revenues	$ 9.73	$ 7.93	$ 5.67
Income from operations, before depreciation and amortization	1.60	1.40	1.07
Net income			
Primary	0.43	0.39	0.42
Fully diluted	0.43	0.39	--
Shareholders' equity	3.43	3.01	2.66

Dividends			
Common stock	.05	.05	.05
Class B common stock	--	--	--

<FN>
Per share amounts for all years have been restated to reflect a two-for-one stock split declared by the Board of Directors on November 18, 1993.

Consolidated Balance Sheets
UniFirst Corporation and Subsidiaries

	August 31, 1996	August 26, 1995
Assets		
Current assets:		
Cash and cash equivalents	$ 3,425,000	$ 5,889,000
Receivables, less reserves of $843,000 in 1996 and $734,000 in 1995	36,634,000	33,420,000
Inventories	17,053,000	16,484,000
Rental merchandise in service	37,973,000	32,731,000
Prepaid expenses	127,000	118,000
Total current assets	95,212,000	88,642,000
Property and equipment:		
Land, buildings and leasehold improvements	119,346,000	111,148,000
Machinery and equipment	120,671,000	109,538,000
Motor vehicles	33,278,000	28,816,000
	273,295,000	249,502,000
Less - accumulated depreciation	113,191,000	101,428,000
	160,104,000	148,074,000
Other assets	47,062,000	35,975,000
	$302,378,000	$272,691,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of long-term obligations	$ 1,058,000	$ 4,015,000
Notes payable	2,757,000	882,000
Accounts payable	11,697,000	12,992,000
Accrued liabilities	37,371,000	35,370,000
Accrued and deferred income taxes	3,679,000	3,882,000
Total current liabilities	56,562,000	57,141,000
Long-term obligations, net of current maturities	38,307,000	32,361,000
Deferred income taxes	16,400,000	14,593,000
Shareholders' equity:		
Preferred stock, $1.00 par value; 2,000,000 shares authorized; none issued	--	--
Common stock, $.10 par value; 30,000,000 shares authorized; issued and outstanding 7,886,664 shares in 1996 and 7,886,644 shares in 1995	789,000	789,000
Class B Common stock, $.10 par value; 20,000,000 shares authorized; issued and outstanding 12,623,944 shares in 1996 and 12,623,964 shares in 1995	1,262,000	1,262,000
Capital surplus	7,078,000	7,078,000
Retained earnings	182,384,000	159,701,000
Cumulative translation adjustment	(404,000)	(234,000)
Total shareholders' equity	191,109,000	168,596,000
	$302,378,000	$272,691,000

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income
UniFirst Corporation and Subsidiaries

Year Ended	August 31, 1996	August 26, 1995	August 27, 1994
Revenues	$391,794,000	$355,041,000	$318,039,000
Cost and expenses:			
Operating costs	240,672,000	222,205,000	196,511,000
Selling and administrative expenses	89,393,000	79,111,000	71,159,000
Depreciation and amortization	20,814,000	19,194,000	17,912,000
	350,879,000	320,510,000	285,582,000
Income from operations	40,915,000	34,531,000	32,457,000
Interest expense (income):			
Interest expense	2,659,000	2,963,000	2,726,000
Interest income	(261,000)	(176,000)	(213,000)
	2,398,000	2,787,000	2,513,000
Income before income taxes	38,517,000	31,744,000	29,944,000
Provision for income taxes	13,855,000	11,110,000	11,073,000
Net income	$ 24,662,000	$ 20,634,000	$ 18,871,000
Weighted average number of shares outstanding	20,510,608	20,510,608	20,505,837
Net income per share	$ 1.20	$ 1.01	$ 0.92
Dividends per share:			
Common stock	$ 0.11	$ 0.10	$ 0.10
Class B common stock	$ 0.09	$ 0.08	$ 0.08

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity
UniFirst Corporation and Subsidiaries

	Common Shares	Class B Common Shares	Common Stock	Class B Common Stock	Capital Surplus	Retained Earnings	Cumulative Translation Adjustment
Balance, August 28, 1993	7,873,854	12,627,954	$787,000	$1,263,000	$7,008,000	$123,793,000	$(128,000)
Net income	--	--	--	--	--	18,871,000	--
Dividends	--	--	--	--	--	(1,798,000)	--
Stock options exercised	8,800	--	1,000	--	34,000	--	--
Shares converted	1,990	(1,990)	--	--	--	--	--
Translation adjustment	--	--	--	--	--	--	(359,000)
Balance, August 27, 1994	7,884,644	12,625,964	788,000	1,263,000	7,042,000	140,866,000	(487,000)
Net income	--	--	--	--	--	20,634,000	--
Dividends	--	--	--	--	--	(1,799,000)	--
Other	--	--	--	--	36,000	--	--
Shares converted	2,000	(2,000)	1,000	(1,000)	--	--	--
Translation adjustment	--	--	--	--	--	--	253,000
Balance, August 26, 1995	7,886,644	12,623,964	789,000	1,262,000	7,078,000	159,701,000	(234,000)

Net income	--	--	--	--	--	24,662,000	--
Dividends	--	--	--	--	--	(1,979,000)	--
Shares converted	20	(20)	--	--	--	--	--
Translation adjustment	--	--	--	--	--	--	(170,000)
Balance, August 31, 1996	7,886,664	12,623,944	$789,000	$1,262,000	$7,078,000	$182,384,000	$(404,000)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
UniFirst Corporation and Subsidiaries

Year ended	August 31, 1996	August 26, 1995	August 27, 1994
Cash flows from operating activities:			
Net income	$ 24,662,000	$ 20,634,000	$ 18,871,000
Adjustments:			
Depreciation	17,339,000	15,960,000	15,038,000
Amortization of other assets	3,475,000	3,234,000	2,874,000
Receivables	(2,272,000)	(2,935,000)	(4,502,000)
Inventories	(370,000)	(938,000)	(3,781,000)
Rental merchandise in service	(3,523,000)	(1,198,000)	(2,861,000)
Prepaid expenses	(9,000)	15,000	10,000
Accounts payable	(1,331,000)	476,000	1,126,000
Accrued liabilities	1,906,000	7,967,000	1,902,000
Accrued and deferred income taxes	(191,000)	(1,572,000)	82,000
Deferred income taxes	1,812,000	899,000	987,000
Net cash provided by operating activities	41,498,000	42,542,000	29,746,000
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(18,245,000)	(7,226,000)	(3,086,000)
Capital expenditures	(27,182,000)	(24,409,000)	(24,729,000)
Other assets, net	(1,432,000)	(1,575,000)	(999,000)
Net cash used in investing activities	(46,859,000)	(33,210,000)	(28,814,000)
Cash flows from financing activities:			
Increase in debt	12,762,000	4,079,000	7,353,000
Reduction of debt	(7,886,000)	(9,879,000)	(6,058,000)
Proceeds from exercise of stock options and other	--	36,000	35,000
Cash dividends paid or payable	(1,979,000)	(1,799,000)	(1,798,000)
Net cash provided by (used in) financing activities	2,897,000	(7,563,000)	(468,000)
Net increase (decrease) in cash and cash equivalents	(2,464,000)	1,769,000	464,000
Cash and cash equivalents at beginning of year	5,889,000	4,120,000	3,656,000
Cash and cash equivalents at end of year	$ 3,425,000	$ 5,889,000	$ 4,120,000
Supplemental disclosure of cash flow information:			
Interest paid	$ 2,691,000	$ 3,010,000	$ 2,775,000
Income taxes paid	$ 12,439,000	$ 11,712,000	$ 10,030,000

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements
UniFirst Corporation and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description
UniFirst Corporation is a leading company in the garment service industry. The Company designs, manufactures, personalizes, rents, cleans, delivers and sells a variety of superior quality occupational garments, career apparel and imagewear programs to businesses of all kinds. The Company also decontaminates and cleans, in separate facilities, garments which may have been exposed to radioactive materials.

Principles of Consolidation and Other
The consolidated financial statements include the accounts of the Company and

its subsidiaries, all of which are wholly-owned. Intercompany balances and transactions are eliminated in consolidation. The Company recognizes revenues when the actual services are provided to customers.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fiscal Year
The Company's fiscal year ends on the last Saturday in August. For financial reporting purposes, fiscal 1996 was a 53 week year, while fiscal 1995 and 1994 had 52 weeks.

Inventories
Inventories are stated at the lower of cost or market value. The Company uses the last-in, first-out (LIFO) method to value a significant portion of its inventories. Had the Company used the first-in, first-out (FIFO) accounting method, inventories would have been approximately $1,195,000 and $1,060,000 higher at August 31, 1996 and August 26, 1995, respectively.

Rental Merchandise in Service
Rental merchandise in service, stated at cost less amortization, is being amortized on a straight-line basis over the estimated service lives (primarily 12 months) of the merchandise.

Property and Equipment
The Company provides for depreciation on the straight-line method based on the following estimated useful lives:

Buildings	30-40 years
Leasehold improvements	Term of lease
Machinery and equipment	3-10 years
Motor vehicles	3-5 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets
Customer contracts are amortized over periods of up to seventeen years. Restrictive covenants are amortized over the terms of the respective non-competition agreements, which range from five to fifteen years. Goodwill is amortized over periods of up to forty years.

Income Taxes
Deferred income taxes are provided for temporary differences between amounts recognized for income tax and financial reporting purposes at currently enacted tax rates.

Net Income Per Common Share
Net income per share is calculated using the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares include the number of shares issuable under the Company's stock option plan.

Cash Flow Disclosures
Cash and cash equivalents include cash in banks and bank short-term investments with maturities of less than ninety days.

2. ACQUISITIONS

Information relating to the acquisitions of industrial laundry businesses which were accounted for as purchases is as follows:

Year ended	August 31, 1996	August 26, 1995	August 27, 1994
Fair market value of assets acquired	$18,360,000	$8,688,000	$11,904,000
Liabilities assumed or created	115,000	1,462,000	8,818,000
Acquisition of businesses, net of cash acquired	$18,245,000	$7,226,000	$ 3,086,000

<FN>
The results of operations of these acquisitions have been included on the Company's consolidated financial statements since their respective acquisition dates. None of these acquisitions were significant in relation to the Company's consolidated financial statements and therefore pro forma financial information has not been presented.

3. INCOME TAXES

The provision for income taxes consists of the following:

Year ended	August 31, 1996	August 26, 1995	August 27, 1994
Current:			
Federal and Foreign	$ 8,615,000	$10,597,000	$ 8,479,000
State	2,584,000	1,818,000	1,609,000
	11,199,000	12,415,000	10,088,000
Deferred:			
Federal and Foreign	2,295,000	(1,516,000)	828,000
State	361,000	211,000	157,000
	2,656,000	(1,305,000)	985,000
	$13,855,000	$11,110,000	$11,073,000

The following table reconciles the statutory federal income tax rate to the effective overall income tax rate:

Year ended	August 31, 1996	August 26, 1995	August 27, 1994
Statutory federal income tax rate	35.0%	35.0%	35.0%
Increase (decrease) from statutory rate resulting from:			
Puerto Rico exempt income	(2.3)	(2.1)	(1.9)
Corporate-Owned Life Insurance	(2.0)	(2.6)	(1.2)
State income taxes	4.0	3.7	3.5
Foreign income taxes	0.7	0.3	0.4
Other	0.6	0.7	1.2
	36.0%	35.0%	37.0%

<FN>
The Company's Puerto Rico subsidiary's income is 90% exempt from Puerto Rico income taxes through 2001. The Company provides for anticipated tollgate taxes on the repatriation of the subsidiary's accumulated earnings.

The tax effect of items giving rise to the Company's net deferred tax liabilities are as follows:

	August 31, 1996	August 26, 1995	August 27, 1994

Rental merchandise in service	$13,814,000	$12,626,000	$12,274,000
Tax in excess of book depreciation	14,836,000	12,906,000	12,494,000
Accruals and other	(7,819,000)	(7,248,000)	(5,654,000)
	$20,831,000	$18,284,000	$19,114,000

4. LONG-TERM OBLIGATIONS

Long-term obligations outstanding on the accompanying consolidated balance sheets are as follows:

	August 31, 1996	August 26, 1995
Unsecured revolving credit agreement with two banks, interest rates of 5.75% and 6.25%, respectively	$30,525,000	$21,875,000
Notes payable, interest from 5.2% - 8.25%, payable in various installments through 2005	5,252,000	4,095,000
Amounts due for restrictive covenants and other, payable in various installments through 2005	3,588,000	4,406,000
Unsecured note payable to an insurance company, paid in 1996	--	6,000,000
	39,365,000	36,376,000
Less - current maturities	1,058,000	4,015,000
	$38,307,000	$32,361,000

Aggregate current maturities of long-term obligations for each of the next five years are $1,058,000, $1,017,000, $1,039,000, $31,290,000, $862,000 and $4,099,000 thereafter.

The Company's unsecured revolving credit agreement runs through December 31, 1999. As of August 31, 1996, the maximum line of credit was $60,000,000.

In 1996 the Company entered into an interest rate swap agreement with a bank, notional amount $15,000,000, maturing December 12, 1998. The Company pays a fixed rate of 5.53% and receives a variable rate tied to the LIBOR rate. As of August 31, 1996 the variable rate was 5.56%.

Certain of the long-term obligations contain among other things, provisions regarding net worth and debt coverage. Under the most restrictive of these provisions, the Company was required to maintain minimum consolidated tangible net worth of $118,995,000 as of August 31, 1996. Certain notes payable are guaranteed or secured by assets of the Company.

As of August 31, 1996 and August 26, 1995, the fair market values of the Company's outstanding debt and swap agreement approximate their carrying value.

5. EMPLOYEE BENEFIT PLANS

The Company has a profit sharing plan with a 401(k) feature for all eligible employees not under collective bargaining agreements. The amount of the Company's contribution is determined at the discretion of the Company. Contributions charged to expense under the plan were $4,184,000 in 1996, $3,508,000 in 1995, and $3,200,000 in 1994.

Some employees under collective bargaining agreements are covered by union-sponsored multi-employer pension plans. Company contributions, generally based upon hours worked, are in accordance with negotiated labor contracts. Payments to the plans amounted to $221,000 in 1996, $156,000 in 1995, and $176,000 in 1994. Information is not readily available for the Company to determine its share of unfunded vested benefits, if any, under these plans.

6. OTHER ASSETS

Other assets on the accompanying consolidated balance sheets are as follows:

	August 31, 1996	August 26, 1995
Customer contracts, restrictive covenants and other assets arising from acquisitions, less accumulated amortization of $18,884,000 and $15,906,000, respectively	$22,697,000	$19,774,000
Goodwill, less accumulated amortization of $2,876,000 and $2,391,000, respectively	21,250,000	14,259,000
Other	3,115,000	1,942,000
	$47,062,000	$35,975,000

7. ACCRUED LIABILITIES

Accrued liabilities on the accompanying consolidated balance sheets are as follows:

	August 31, 1996	August 26, 1995
Insurance	$16,100,000	$14,100,000
Payroll related	13,254,000	12,231,000
Other	8,017,000	9,039,000
	$37,371,000	$35,370,000

8. COMMITMENTS AND CONTINGENCIES

Lease Commitments
The Company leases certain buildings from independent parties. Total rent expense on all leases was $2,108,000 in 1996, $1,867,000 in 1995 and $1,581,000 in 1994.

Annual minimum lease commitments for all years subsequent to August 31, 1996 are $1,952,000 in 1997, $1,463,000 in 1998, $886,000 in 1999, $365,000 in 2000, $179,000 in 2001 and $146,000 thereafter.

Contingencies

The Company and its subsidiaries are subject to legal proceedings and claims arising from the conduct of their business operations, including personal injury, customer contract, employment claims and environmental matters. In the opinion of management, such proceedings and claims are not likely to result in losses which would have a material adverse effect upon the financial position or results of operations of the Company.

As security for certain agreements, the Company had standby irrevocable bank commercial letters of credit and mortgages of $16,332,000 and $15,730,000 outstanding as of August 31, 1996 and August 26, 1995, respectively.

9. COMMON STOCK OPTIONS

The Company adopted an incentive stock option plan in April, 1983 and reserved 800,000 shares of common stock for issue under the plan. Options granted under the plan were at a price of not less than 100% of the fair market value on the date of grant and expired ten years after the grant date. During 1993 the plan expired.

10. SHAREHOLDERS' EQUITY

On November 18, 1993 the Company's Board of Directors declared a two-for-one stock split, to be effected in the form of a stock dividend, on the Company's Common Stock and Class B Common Stock. All references to average number of shares outstanding and per share data in these financial statements reflect the effect of the two-for-one split.

The significant attributes of each type of stock are as follows:

Common stock -- Each share is entitled to one vote and is freely transferable. Each share of common stock is entitled to a cash dividend equal to 125% of any cash dividend paid on each share of Class B common stock.

Class B common stock -- Each share is entitled to ten votes and can be converted to common stock on a share-for-share basis. Until converted to common stock, however, Class B shares are not freely transferable.

Report of Independent Public Accountants

To the Board of Directors and Shareholders of UniFirst Corporation:

We have audited the accompanying consolidated balance sheets of UniFirst Corporation (a Massachusetts corporation) and subsidiaries as of August 31, 1996 and August 26, 1995 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended August 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial position of UniFirst Corporation and subsidiaries as of August 31, 1996 and August 26, 1995, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
November 4, 1996

Quarterly Financial Data (Unaudited)
UniFirst Corporation and Subsidiaries

The following is a summary of the results of operations for each of the quarters within the years ended August 31, 1996 and August 26, 1995.

(In thousands, except per share amounts)

1996	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$95,413	$100,825	$98,554	$97,002
Income before income taxes	10,578	7,712	10,313	9,914
Net income	6,770	4,936	6,600	6,356
Weighted average shares outstanding	20,511	20,511	20,511	20,511
Net income per share	$ 0.33	$ 0.24	$ 0.32	$ 0.31

1995	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$86,212	$ 86,231	$92,600	$89,998
Income before income taxes	8,544	5,933	8,872	8,395
Net income	5,554	3,856	5,767	5,457
Weighted average shares outstanding	20,511	20,511	20,511	20,511
Net income per share	$ 0.27	$ 0.19	$ 0.28	$ 0.27

Common Stock Prices and Dividends Per Share
For the Years Ended August 31, 1996 and August 26, 1995:

	Price Per Share		Dividends Per Share	
1996	High	Low	Class B Common Stock	Common Stock
First Quarter	$15 5/8	$13 1/2	$0.020	$0.025
Second Quarter	19 1/2	15 1/8	0.020	0.025
Third Quarter	25 1/4	17 7/8	0.024	0.030
Fourth Quarter	23	19 1/4	0.024	0.030

	Price Per Share		Dividends Per Share	
1995	High	Low	Class B Common Stock	Common Stock
First Quarter	$13 5/8	$11 1/4	$0.020	$0.025
Second Quarter	13 1/8	11 1/8	0.020	0.025
Third Quarter	12 1/4	11 1/4	0.020	0.025

Fourth Quarter	14 3/8	12 1/8	0.020	0.025

The Company's common shares are traded on the New York Stock Exchange (NYSE Symbol: UNF).

The approximate number of shareholders of record of the Company's common stock and Class B common stock as of November 4, 1996 were 181 and 19 respectively.

Exhibit 22

List of subsidiaries of the Company:

Interstate Nuclear Services Corp.
Interstate Uniform Manufacturing of Puerto Rico, Inc.
Superior Products & Equipment Co., Inc.
UniFirst Canada Ltd.
Texas Industrial Services, Inc.
U Two Corporation
UR Corporation
Tennessee Uniform and Towel Service, Inc.
Euro Nuclear Services B.V.

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated November 4, 1996 incorporated by reference or included in this Form 10-K, into the Company's previously filed Registration Statement File No. 33-60781.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
November 27, 1996

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF UNIFIRST CORPORATION FOR THE FISCAL YEAR ENDED AUGUST 31, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000
<CURRENCY> U.S. DOLLARS

<PERIOD-TYPE>	YEAR	
<FISCAL-YEAR-END>		AUG-31-1996
<PERIOD-START>		AUG-27-1995
<PERIOD-END>		AUG-31-1996
<EXCHANGE-RATE>		1
<CASH>		3,425
<SECURITIES>		0
<RECEIVABLES>		37,477
<ALLOWANCES>		843
<INVENTORY>		17,053
<CURRENT-ASSETS>		95,212
<PP&E>		273,295
<DEPRECIATION>		113,191
<TOTAL-ASSETS>		302,378
<CURRENT-LIABILITIES>		56,562
<BONDS>		38,307
<COMMON>		2,051
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<OTHER-SE>		189,058
<TOTAL-LIABILITY-AND-EQUITY>		302,378
<SALES>		391,794
<TOTAL-REVENUES>		391,794
<CGS>		350,879
<TOTAL-COSTS>		350,879
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		2,398
<INCOME-PRETAX>		38,517
<INCOME-TAX>		13,855
<INCOME-CONTINUING>		24,662
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		24,662
<EPS-PRIMARY>		1.20
<EPS-DILUTED>		0