UniFirst Corporation 2002 Annual Report

respect for others

commitment to quality

customer satisfaction

three ideals

UniFirst Corporation was built on three rock-solid pillars: Customer Satisfaction, Commitment to Quality, and Respect for Others. They're the simple, straightforward and invaluable principles left us by our late founder, Aldo Croatti. They're the ideals that served him so well as he grew this company and are the foundation upon which this generation of leaders continues to build.

the founder

Aldo took a tiny business, begun in an eight-stall converted horse barn in Boston, and made it, through dint of sheer effort and perseverance, a force in the uniform services industry. His vision went beyond simply cleaning the grimy workclothes of factory workers, to providing a service so essential and so valuable it would bind users to it for years. This, combined with plenty of hard work and the dedication of countless employees, created the company that UniFirst is today.

His message and mission live on in the dedication of thousands of team partners who believe strongly in the continuing relevance of those founding ideals. Every member of the UniFirst family is excited about what the future holds, but we are equally proud of our company's past. And that's why we've adopted July 12th as UniFirst Founders Day, and have reserved it as a time each year to pause and reflect on what Aldo taught us, and how those lessons continue to be the keys that will guide the future growth of our business.

the legacy

Today, the little company Aldo Croatti nurtured through its infancy employs more than 7,800 team partners, working in 46 of the United States, as well as in Canada, Mexico and Europe. It services over 150,000 customer locations, clothes over one million workers on a daily basis, and is one of the leaders in the $10 billion Uniform Services Industry.

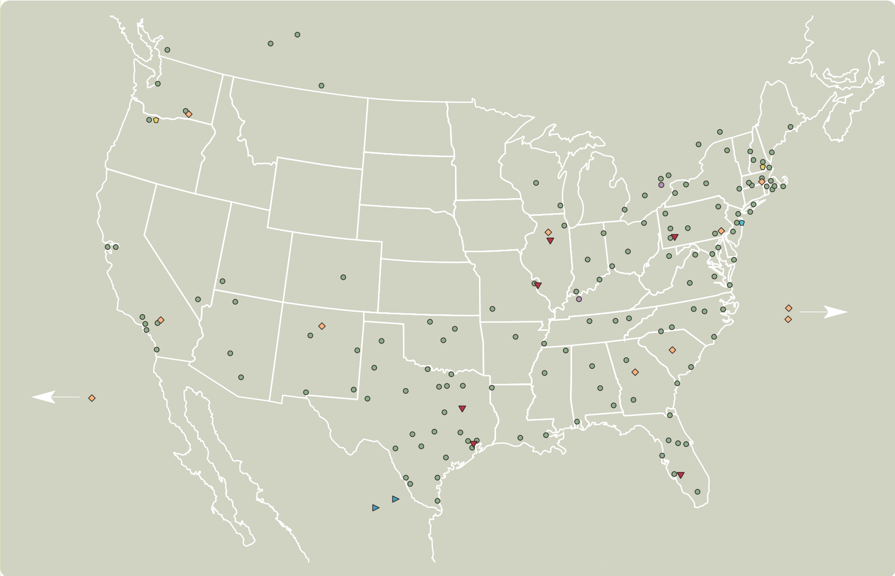
who is unifirst?

From modest beginnings in 1936, UniFirst Corporation has grown to become one of North America's largest workwear and textile services companies. We rent, lease and sell uniforms, protective apparel, careerwear, floorcare and other facility services products to all kinds of businesses.

UniFirst's corporate mission is to be recognized as the quality leader in our industry. Our careful focus on serving each customer's special needs and providing total satisfaction enables us to grow, to provide an equitable return on investment, and to create opportunities for our team partners.

UniFirst is quality, service, growth and innovation.

Today, UniFirst employs 7,800 team partners who serve over 150,000 customer locations from sites in the United States, Canada and Europe **:** Operates 130 customer service centers, 10 nuclear decontamination facilities, 2 distribution centers and 2 manufacturing plants **:** Manufactures millions of garments per year **:** Designs custom garments for corporate image programs and special workwear applications **:** And stands as a world leader in cleaning and decontaminating nuclear protective clothing.



locations

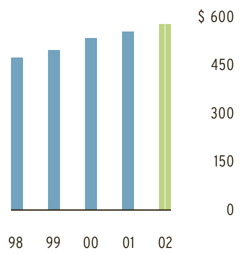
UniFirst Corporation
& Subsidiaries

- service locations
- distribution centers
- manufacturing plants
- nuclear service locations
- cleanroom service locations
- first aid locations

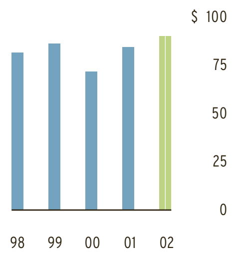
financial highlights

Fiscal Year Ended August
(in thousands,
except per share data)

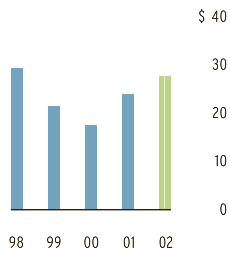
	2002	2001	CHANGE
Revenues	**$ 578,898**	$ 556,371	4.0 %
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	**90,010**	85,133	5.7 %
Income from operations	**51,979**	47,565	9.3 %
Net Income	**26,859**	23,224	15.7 %
Shareholders' equity	**309,740**	285,545	8.5 %
Net income per share - basic	**1.40**	1.20	16.7 %
Net income per share - diluted	**1.39**	1.20	15.8 %



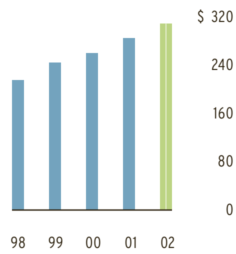
REVENUES
(in millions of dollars)



EBITDA
(in millions of dollars)



NET INCOME
(in millions of dollars)



SHAREHOLDERS' EQUITY
(in millions of dollars)

dear shareholders

In fiscal 2002, UniFirst produced record revenues of $578.9 million, an increase of 4.0 percent over fiscal 2001's $556.4 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) were $ 90.0 million, a 5.7 percent increase from last year's $85.1 million. Net income was $26.9 million, an increase of 15.7 percent from the previous years $23.2 million. Basic earnings per share increased to $1.40 from $1.20 in fiscal 2001.

Our revenue result was achieved despite the general economic slowdown that had broad impact across our traditional customer base. We suffered reductions in the number of wearers at many customer locations and we lost some accounts due to closings, as well as to decisions not to renew service agreements. We watched unemployment continue to creep up during the year and saw a lack of confidence, both in the economy and in future business conditions, cause decision-makers to delay purchases.

With all categories of business struggling to sustain growth, already aggressive price competition heated up even further. In our industry, competition for so-called "traditional business"... those companies who have long been users of rental uniform service programs... intensified early in the year. Though this group generally allows for a shorter selling cycle than no-program prospects, it meant a higher percentage of sales were being made to businesses where prices tended to be the lowest and margins the slimmest. The resulting mix of sales put downward pressure on both revenue and profit growth. And despite our Professional Sales Team bringing in new business at a rate ahead of a year ago, losses and shrinkage ate up most of their advances.

During the year, we invested $33.3 million in infrastructure expansions and improvements. We continued the build-out of our second Mexican manufacturing plant in Valles. We made the normal annual investments to replace operating equipment and maintain facilities. We also continued to spend on custom modifications to, and installation of, two new software packages — one for financial applications and one for sales productivity enhancement. The balance of spending was related to projects completed in the previous year that had billing which extended into fiscal year 2002. Other projects originally planned for the year were postponed, in keeping with our commitment to cut spending wherever possible, without affecting our customer service levels or hurting our sales initiatives. Those investments that went forward were, in our judgment, critical to the continued growth and success of the business.

As we head into fiscal year 2003, we continue to face considerable uncertainty. The unemployment rate is verging on six percent, the stock market continues to stumble, consumer spending is showing signs of weakening, there has been a decline in several leading indicators, and capital spending by business remains down. On top of that, lurks the possibility of a protracted Middle East conflict that could affect worldwide oil prices and further dampen the prospects for market recovery. All in all, not the brightest picture. But our industry and our company have faced tough times in the past and have consistently pulled through. Whatever the challenges this time, I'm convinced we'll do it again and, in that spirit, we remain optimistic and enthusiastic.

I have great confidence in all our team partners when it comes to getting the job done. Any time we talk about "family" in our company, we extend that definition to embrace everyone... from those on the executive floor to the workers on the loading docks and in the laundries. It's an attitude that started with my father and has grown to become the dominant feature of our culture. It's grounded in basic values like hard work, commitment, honesty and respect... the same values that drive us to focus on long term business growth and the creation of sustainable returns for our shareholders. That's why when we read about financial misrepresentation and malfeasance in other companies, we can only shake our heads. It simply doesn't square with the ethics and principles we live by. Stock options are broad based and represent but a tiny fraction of outstanding shares. And our entire wage structure is based on valuing hourly workers and salaried managers from the same standpoint... the contributions they make to achieving the company's objectives. We know that if we're fair and honest with our team partners, they'll reciprocate in kind. And that's what makes a healthy company.

As noted inside the front cover of this report, we honored the memory of my father this year by establishing an annual UniFirst Founders Day... a time each year when we'll pause to reflect on the history of our company, thank all our team partners for present achievements, and recommit ourselves to the future growth and success of the business. As part of our celebration this year we issued a special UniFirst calendar to every employee. It's theme was the three ideals that Aldo Croatti focused on throughout his business life, and it featured artwork selected from hundreds of submissions by children of UniFirst employees from all over North America. Some of this art, along with a discussion of the three ideals it illuminates, appears on the pages that follow. I believe it helps to explain who we really are as a company and I hope you'll take a few minutes to read it through.

Thank you for your continued support and I look forward to reporting to you throughout the year on our progress.

Ronald D. Croatti
Chairman of the Board, President and
Chief Executive Officer

IDEAL *n.*, an ultimate object or aim of an endeavor: GOAL

SHELBY O'NEAL | AGE 6 | NORFOLK, VA

: customer satisfaction

To say that UniFirst is dedicated to excellence in service and total customer satisfaction may, at first, seem superfluous. *Of course* a company like ours has to be committed to providing excellent service. It is, after all, what every customer expects. Not being able to deliver it would make staying in business a tenuous endeavor at best.

But is it really so basic and simple? Are all those companies who espouse great service actually delivering it? The answer in both cases is no. In an era when "service excellence" has become a virtual business mantra, the statistics still speak of regular failure on the part of providers in attaining that goal. In survey after survey, customers report that they are less than totally satisfied with the products or services they're getting. They say their expectations are not being met… that the suppliers they deal with are failing to deliver on the value proposition that convinced them to buy in the first place.

For sixty-six years we've known the importance of excellent customer service and we've dedicated ourselves to achieving it. Now in our seventh decade, we're still working to perfect the process. Are we the very best we can be? No, but we keep at it. We constantly measure our progress… through customer satisfaction audits, surveys, personal visitations and phone follow-ups. We regularly ask our customers "How are we doing?", and we listen very carefully to what they say. We study responses, analyze survey results, dissect audit data. And we use the results to constantly change, refine and improve our service processes and methods.

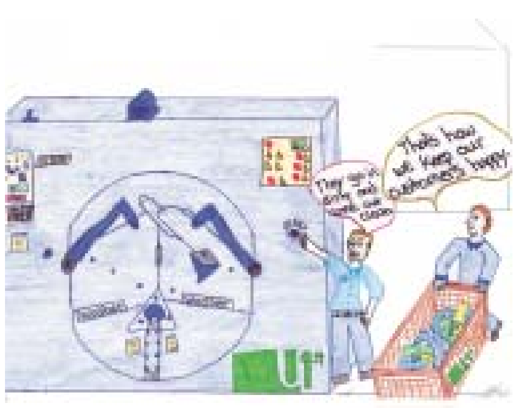
The ultimate measure of our success is our customer retention and renewal record. Over the past ten years our annual percentage of controllable lost accounts has remained at under five percent and our contract renewal rate has actually increased year to year. That's good. But we believe we can do still better. Our customers deserve it, and week-in and week-out we strive for it. "Good enough" doesn't exist in our Corporate vocabulary. Because, in the end, there is *nothing* tougher than the expectations we have for ourselves.

Customer Satisfaction and Quality are intimately linked. You can't have one without the other. Customer satisfaction is really the *measure* of quality. W. Edwards Deming advised that quality could be the critical point of differentiation that distinguishes one competitor's offer from another's. And Phil Crosby taught that "quality is free," because it actually decreases the cost of doing business, through improved efficiency and the elimination of rework and waste. But how does that apply when we're talking about individual customers using one of our managed uniform or facility services programs?

Customers recognize "quality" when they see or experience it, but they typically have a hard time defining it. Most would probably agree, though, that a product or service demonstrates "quality" if the satisfaction they get from it is greater than the value of what they had to pay for it. And that's the challenge we face. Because in our business, it's not just satisfying the customer through one purchase or two. It's consistently meeting their needs and expectations each and every week, fifty-two times a year, year after year.

The key, we believe, is focus of effort. So long as our focus remains on our customers and their needs and expectations... not on our own administrative processes, production concerns, distribution criteria or service considerations... we will remain in position to deliver the quality result we want. If we can avoid getting caught up in rules and procedures and features, and instead involve and engage customers in what we're trying to do and become partners with them in achieving *their* business goals, we can't help but deliver on their value expectation. And when we do that... reliably and consistently... we're creating satisfied customers.

Long before Deming went to Japan and Crosby built his Quality College, UniFirst was practicing quality every day. We might not have called it exactly that, but we knew that investing in the best people, the best equipment and the best products was the right thing to do. We knew that "doing it right the first time" not only produced better, lower-cost results, it kept customers happier too. None of that has changed.



MIKE VELDHUIZEN | AGE 14 | LETHBRIDGE, AB

: commitment to quality

KASSIE RAMIL | AGE 9 | ONTARIO, CA

: respect for others

The Golden Rule says: "Treat others the way you'd like them to treat you." It's so basic that when we hear it we may wonder why it even bears stating. And maybe in a simpler time, it didn't need to be. But in today's rough and tumble world of business, we sometimes need to be reminded.

We work hard to keep respect for others in the forefront of our Corporate consciousness. And it *does* take work, because the pressures of our jobs, our commitments and our personal ambitions can occasionally cloud our focus on the central mission. That's why part of our management process calls for us to regularly step back and evaluate all our people-to-people relationships, both inside and outside the company. Every one of our constituencies is important... our customers, our suppliers, our shareholders, our team partners... and all deserve the same consideration, understanding and respect.

Maybe the place where this philosophy is most apparent is with our team partners. We strongly believe that our employees are the number one key to our success. We know a dissatisfied team can never produce satisfied customers. So we make sure team members are involved in matters directly relating to their jobs and that they're allowed to make decisions regarding the work that they do. We listen and respond to suggestions and ideas, and when a new policy or procedure is required, we allow team partners as much freedom as possible in deciding how to put it into effect. That gives them a personal stake in implementation and contributes to a feeling of emotional ownership in the results that will be achieved. Most important, it shows we value and respect them as important contributors.

We also make sure all our team partners know the principles and philosophies by which our business is run, and that they understand our corporate commitment to integrity, honesty and fairness. Much has been written and reported this year about the failings of some of our corporate leaders and of the corner-cutting, cheating and outright corruption that has plagued certain public companies. The actions of these few offend the good managers and honest employees in reputable companies, who represent the vast majority of businesses. At UniFirst we believe honesty and trust start at the top. We have no lavish corporate retreats, no country club perks, no interest-free executive loans and no foreign junkets. Executive salaries are modest by comparative standards, and bonuses truly reward excellence in performance. Our accounting is prudent and our financial reporting is fair and reliable. Nothing is hidden, nothing is off-book, nothing is designed to mislead or confuse.

It's just the way we do things... always have and always will.

RESPECT FOR OTHERS

application today

Having ideals, a strong culture and a Corporate vision is fine, as far as it goes. But all of that doesn't automatically generate success. Success comes from understanding the market's needs and being able to apply the right mix of resources in order to satisfy them. It comes from developing a realistic growth strategy and knowing how to best implement it. And it comes from being able to execute the fundamentals… the blocking and tackling of business… just a little bit better than the other guy.

Customers' expectations continue to ratchet-up and competition is tougher than it's ever been. But that's the kind of challenge we thrive on. We're convinced that the potential for new uniforming and facility services applications for businesses is huge, and we believe we are well positioned to get our share. It will take effort, teamwork, commitment and a good dose of market savvy… all of which we've proven we can muster. It will also take a group of dedicated people with common values, belief in their mission, and principles of conduct that serve to guide responsible and effective action. That we have always had, and we know we can count on the same in the year ahead.

KATRINA BELFIORI | AGE 10 | PONTIAC, MI

TEN YEAR FINANCIAL SUMMARY

Fiscal Year Ended August (In thousands, except Financial Ratios and per share data)	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Summary of Operations										
Revenues	$ 578,898	$ 556,371	$ 528,726	$ 487,100	$ 448,052	$ 419,093	$ 391,794	$ 355,041	$ 318,039	$ 287,728
Earnings before interest, taxes, depreciation and amortization (EBITDA)	90,010	85,133	73,954	83,471	80,804	70,387	61,729	53,725	50,369	47,199
Depreciation and amortization	38,031	37,568	34,710	31,724	26,629	23,386	20,814	19,194	17,912	16,454
Income from operations	51,979	47,565	39,244	51,747	54,175	47,001	40,915	34,531	32,457	30,745
Other expense (income), net	8,660	10,108	7,200	4,841	2,316	2,118	2,398	2,787	2,513	2,669
Provision for income taxes	16,460	14,233	12,176	22,800	18,669	16,160	13,855	11,110	11,073	10,387
Net income	26,859	23,224	19,868	24,106	33,190	28,723	24,662	20,634	18,871	17,689
Financial Position at Year End										
Total assets	$ 494,835	$ 491,813	$ 500,150	$ 465,627	$ 376,130	$ 339,626	$ 302,378	$ 272,691	$ 250,160	$ 219,064
Long-term obligations	85,096	94,795	126,638	113,105	47,149	40,837	39,365	36,376	41,602	32,231
Shareholders' equity	309,740	285,545	271,172	257,433	246,374	217,192	191,109	168,596	149,472	132,723
Financial Ratios										
Net income as a % of revenues	4.6%	4.2%	3.8%	4.9%	7.4%	6.9%	6.3%	5.8%	5.9%	6.1%
Return on average shareholders' equity	9.0%	8.3%	7.5%	9.6%	14.3%	14.1%	13.7%	13.0%	13.4%	14.1%
Weighted average number of shares outstanding – basic	19,222	19,364	19,670	20,438	20,511	20,511	20,511	20,511	20,506	20,453
Weighted average number of shares outstanding – diluted	19,278	19,378	19,670	20,438	20,511	20,511	20,511	20,511	20,506	20,453
Per Share Data										
Revenues	$30.12	$28.73	$26.88	$23.83	$21.84	$20.43	$19.10	$17.31	$15.51	$14.07
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4.68	4.40	3.76	4.08	3.94	3.43	3.01	2.62	2.46	2.31
Net Income – basic	1.40	1.20	1.01	1.18	1.62	1.40	1.20	1.01	0.92	0.86
Net Income – diluted	1.39	1.20	1.01	1.18	1.62	1.40	1.20	1.01	0.92	0.86
Shareholders' equity	16.11	14.75	13.79	12.60	12.01	10.59	9.32	8.22	7.29	6.49
Dividends										
Common stock	.15	.15	.15	.14	.12	.12	.11	.10	.10	.10
Class B common stock	.12	.12	.12	.11	.10	.10	.09	.08	.08	.04

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 STATEMENTS OF INCOME

Year Ended (In thousands, except per share data)	August 31, 2002	August 25, 2001	August 26, 2000
Revenues	$ 578,898	$ 556,371	$ 528,726
Cost and expenses:			
Operating costs	349,009	349,449	336,324
Selling and administrative expenses	139,879	121,789	118,448
Depreciation and amortization	38,031	37,568	34,710
	526,919	508,806	489,482
Income from operations	51,979	47,565	39,244
Other expense (income):			
Interest expense	8,843	9,107	7,459
Interest income	(1,439)	(1,239)	(259)
Interest rate swap expense	1,256	2,240	–
	8,660	10,108	7,200
Income before income taxes	43,319	37,457	32,044
Provision for income taxes	16,460	14,233	12,176
Net income	$ 26,859	$ 23,224	$ 19,868
Weighted average number of shares outstanding – basic	19,222	19,364	19,670
Weighted average number of shares outstanding – diluted	19,278	19,378	19,670
Net income per share – basic	$1.40	$1.20	$1.01
Net income per share – diluted	$1.39	$1.20	$1.01
Cash dividends per share:			
Common stock	$0.15	$0.15	$0.15
Class B common stock	$0.12	$0.12	$0.12

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

CONSOLIDATED BALANCE SHEETS

Year Ended (In thousands, except per share data)	August 31, 2002	August 25, 2001
Assets		
Current assets:		
Cash and cash equivalents	$ 4,333	$ 5,699
Receivables, less reserves of $2,687 in 2002 and $3,237 in 2001	54,587	55,427
Inventories	24,807	22,320
Rental merchandise in service	56,047	56,677
Prepaid expenses	315	275
Total current assets	140,089	140,398
Property and equipment:		
Land, buildings and leasehold improvements	208,000	199,084
Machinery and equipment	229,692	224,143
Motor vehicles	60,925	57,620
	498,617	480,847
Less – accumulated depreciation	229,621	215,154
	268,996	265,693
Goodwill, net	61,539	54,579
Other intangible assets, net	23,155	26,110
Other assets	1,056	5,033
	$ 494,835	$ 491,813
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of long-term obligations	$ 1,406	$ 1,664
Notes payable	1,195	1,344
Accounts payable	17,012	19,334
Accrued liabilities	53,331	55,242
Accrued and deferred income taxes	1,457	11,928
Total current liabilities	74,401	89,512
Long-term obligations, net of current maturities	83,690	93,131
Deferred income taxes	27,004	23,625
Commitments and Contingencies (Note 9)		
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 10,555,109 shares in 2002 and 10,516,634 shares in 2001	1,055	1,052
Class B common stock, $.10 par value; 20,000,000 shares authorized; Issued and outstanding 10,205,144 shares in 2002 and 10,238,744 shares in 2001	1,021	1,024
Treasury stock, 1,535,055 shares in 2002 and 1,535,000 shares in 2001, at cost	(24,756)	(24,755)
Capital surplus	12,503	12,438
Retained earnings	323,595	299,313
Accumulated other comprehensive loss	(3,678)	(3,527)
Total shareholders' equity	309,740	285,545
	$ 494,835	$ 491,813

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)	Common Shares	Class B Common Shares	Treasury Shares	Common Stock	Class B Common Stock	Treasury Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income (Loss)
Balance, August 28, 1999	10,500	10,256	(858)	$ 1,050	$ 1,026	$ (16,583)	$ 12,438	$ 261,450	$ (1,948)	–
Net income	–	–	–	–	–	–	–	19,868	–	$ 19,868
Dividends	–	–	–	–	–	–	–	(2,642)	–	–
Shares repurchased	–	–	(234)	–	–	(3,466)	–	–	–	–
Foreign Currency translation adjustments	–	–	–	–	–	–	–	–	(21)	(21)
Comprehensive income										$ 19,847
Balance, August 26, 2000	10,500	10,256	(1,092)	1,050	1,026	(20,049)	12,438	278,676	(1,969)	–
Net income	–	–	–	–	–	–	–	23,224	–	23,224
Dividends	–	–	–	–	–	–	–	(2,587)	–	–
Shares converted	17	(17)	–	2	(2)	–	–	–	–	–
Shares repurchased	–	–	(443)	–	–	(4,706)	–	–	–	–
Foreign Currency translation adjustments	–	–	–	–	–	–	–	–	(893)	(893)
Change in fair value of derivative instruments, net of tax	–	–	–	–	–	–	–	–	(665)	(665)
Comprehensive income										$ 21,666
Balance, August 25, 2001	10,517	10,239	(1,535)	1,052	1,024	(24,755)	12,438	299,313	(3,527)	
Net income	–	–	–	–	–	–	–	26,859	–	26,859
Dividends	–	–	–	–	–	–	–	(2,577)	–	–
Shares converted	34	(34)	–	3	(3)	–	–	–	–	–
Shares repurchased	–	–	–	–	–	(1)	–	–	–	–
Stock options exercised	4	–	–	–	–	–	65	–	–	–
Foreign Currency translation adjustments	–	–	–	–	–	–	–	–	(471)	(471)
Change in fair value of derivative instruments, net of tax	–	–	–	–	–	–	–	–	320	320
Comprehensive income										$ 26,708
Balance, August 31, 2002	10,555	10,205	(1,535)	$ 1,055	$ 1,021	$ (24,756)	$ 12,503	$ 323,595	$ (3,678)	

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended (In thousands)	August 31, 2002	August 25, 2001	August 26, 2000
Cash flows from operating activities:			
Net income	$ 26,859	$ 23,224	$ 19,868
Adjustments:			
Depreciation	32,755	30,553	28,042
Amortization of other assets	5,276	7,015	6,668
Interest rate swap expense	1,256	2,240	–
Changes in assets and liabilities, net of acquisitions:			
Receivables	1,158	(1,446)	(2,220)
Inventories	(2,394)	5,161	491
Rental merchandise in service	1,618	2,439	(3,492)
Prepaid expenses	(40)	23	(100)
Accounts payable	(2,670)	(143)	1,981
Accrued liabilities	(3,156)	5,856	509
Accrued and deferred income taxes	(11,351)	(324)	4,537
Deferred income taxes	3,388	1,613	1,352
Net cash provided by operating activities	52,699	76,211	57,636
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(12,342)	(1,300)	(6,783)
Capital expenditures	(33,304)	(34,196)	(46,714)
Decrease (increase) in other assets	3,940	(3,261)	(5,032)
Net cash used in investing activities	(41,706)	(38,757)	(58,529)
Cash flows from financing activities:			
Increase in debt	152	981	15,509
Reduction of debt	(9,998)	(32,580)	(4,283)
Repurchase of common stock	(1)	(4,706)	(3,466)
Proceeds from exercise of common stock options	65	–	–
Cash dividends	(2,577)	(2,587)	(2,642)
Net cash provided by (used in) financing activities	(12,359)	(38,892)	5,118
Net increase (decrease) in cash and cash equivalents	(1,366)	(1,438)	4,225
Cash and cash equivalents at beginning of year	5,699	7,137	2,912
Cash and cash equivalents at end of year	$ 4,333	$ 5,699	$ 7,137
Supplemental disclosure of cash flow information:			
Interest paid	$ 8,776	$ 8,588	$ 7,745
Income taxes paid	24,418	13,014	6,282

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

(Amounts in thousands, except per share and common stock options data)

1. Summary Of Critical and Significant Accounting Policies

Business Description

UniFirst Corporation (the "Company") is a leading company in the garment service business. 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. It also services industrial wiper towels, floor mats and other non-garment items and provides first aid cabinet services and other safety supplies. The Company also decontaminates and cleans, in separate facilities, garments which may have been exposed to radioactive materials.

Principles of Consolidation

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. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date, while income and expense accounts are translated at average exchange rates during the year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 2002 had 53 weeks, while fiscal 2001 and 2000 had 52 weeks.

Revenue Recognition and Allowance for Doubtful Accounts

The Company recognizes revenue from rental operations in the period in which the services are provided. Direct sale revenue is recognized in the period in which the product is shipped. Judgements and estimates are used in determining the collectability of accounts receivable. The Company analyzes specific accounts receivable and historical bad debt experience, customer credit worthiness, current economic trends and the age of outstanding balances when evaluating the adequacy of the allowance for doubtful accounts. Management judgements and estimates are used in connection with establishing the allowance in any accounting period. Changes in estimates are reflected in the period they become known. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Material differences may result in the amount and timing of bad debt expense recognition for any given period if management makes different judgements or utilizes different estimates.

Inventories and Rental Merchandise in Service

Inventories are stated at the lower of cost or market value, net of any reserve for excess and obsolete inventory. Judgements and estimates are used in determining the likelihood that new goods on hand can be sold to customers or used in rental operations. Historical inventory usage and current revenue trends are considered in estimating both excess and obsolete inventories. If actual product demand and market conditions are less favorable than those projected by management, additional inventory write-downs may be required. The Company uses the last-in, first-out (LIFO) accounting 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 $1,544 and $1,493 higher at August 31, 2002 and August 25, 2001, respectively. Substantially all inventories represent finished goods.

Rental merchandise in service is being amortized on a straight-line basis over the estimated service lives of the merchandise, which range from 6 to 24 months. In establishing estimated lives for merchandise in service, management considers historical experience and the intended use of the merchandise. Material differences may result in the amount and timing of operating profit for any period if management makes different judgements or utilizes different estimates.

Property and Equipment

Property and equipment are recorded at cost. 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

Expenditures for maintenance and repairs are expensed as incurred. Expenditures for renewals and betterments are capitalized.

Amortization of Other Intangible Assets

Customer contracts are amortized over periods of eight to fifteen years. Restrictive covenants are amortized over the terms of the respective non-competition agreements, which range from two to fifteen 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.

The Company is periodically reviewed by domestic and foreign tax authorities regarding the amount of taxes due. These reviews include questions regarding the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposure associated with various filing positions, the Company records estimated reserves for probable exposures. Based on the Company's evaluation of current tax positions, the Company believes they have appropriately accrued for probable exposures.

Net Income Per Share

Basic and diluted net income per share is calculated using the weighted average number of common and dilutive potential common shares outstanding during the year. Presented below is a reconciliation between basic and diluted weighted average shares (in thousands):

Year Ended	August 31, 2002	August 25, 2001	August 26, 2000
Weighted average number of shares outstanding – basic	19,222	19,364	19,670
Add: effect of dilutive potential common shares – employee common stock options	56	14	–
Weighted average number of shares outstanding – diluted	19,278	19,378	19,670

Cash and Cash Equivalents

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

Financial Instruments

The Company's financial instruments, which may expose the Company to concentrations of credit risk, include cash and cash equivalents, receivables, accounts payable and accrued liabilities. Each of these financial instruments is recorded at cost, which approximates its fair value.

Insurance

The Company self-insures for certain obligations related to health and workers' compensation programs. The Company also purchases stop-loss insurance policies to protect it from catastrophic losses. Judgements and estimates are used in determining the potential value associated with reported claims and for losses that have occurred, but have not been reported. The Company's estimates consider historical claim experience and other factors. The Company's liabilities are based on estimates, and, while the Company believes that the accrual for loss is adequate, the ultimate liability may be in excess of or less than the amounts recorded. Changes in claim experience, the Company's ability to settle claims or other estimates and judgments used by management could have a material impact on the amount and timing of expense for any period.

Environmental and Other Contingencies

The Company is subject to legal proceedings and claims related to environmental matters arising from the conduct of their business operations, including personal injury claims, customer contract matters, employment claims, and environmental matters. Accounting principles generally accepted in the United States require that a liability for contingencies be recorded when it is probable that a liability has occurred and the amount of the liability can be reasonably estimated. Significant judgment is required to determine the existence of a liability, as well as the amount to be recorded. The Company regularly consults with attorneys and outside consultants to ensure that all of the relevant facts and circumstances are considered, before a contingent liability is recorded. The Company records accruals for environmental and other contingencies based on enacted laws, regulatory orders or decrees, the Company's estimates of costs, insurance proceeds, participation by other parties and the timing of payments, and the input of outside consultants and attorneys. Changes in enacted laws, regulatory orders or decrees, management's estimates of costs, insurance proceeds, participation by other parties and the timing of payments, and the input of outside consultants and attorneys could have a material impact on the amounts recorded for environmental and other contingent liabilities.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

2. Acquisitions

Aggregate information relating to the acquisition of businesses which were accounted for as purchases is as follows:

Year ended	August 31, 2002	August 25, 2001	August 26, 2000
Fair value of tangible assets acquired	$ 4,371	$ 300	$ 2,310
Fair value of intangible assets and goodwill acquired	9,008	1,000	5,568
Fair value of liabilities assumed or created	(1,037)	–	(1,095)
Acquisition of businesses, net of cash acquired	$ 12,342	$ 1,300	$ 6,783

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, individually or in the aggregate, 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, 2002	August 25, 2001	August 26, 2000
Current:			
Federal and Foreign	$ 13,383	$ 14,466	$ 8,020
State	1,624	1,873	1,151
	15,007	16,339	9,171
Deferred:			
Federal and Foreign	1,354	(1,208)	2,584
State	99	(898)	421
	1,453	(2,106)	3,005
	$ 16,460	$ 14,233	$ 12,176

The following table reconciles the provision for income taxes using the statutory federal income tax rate to the actual provision for income taxes:

Year ended	August 31, 2002	August 25, 2001	August 26, 2000
Income taxes at the statutory federal income tax rate	$ 15,160	$ 13,110	$ 11,215
Puerto Rico exempt income	–	(183)	(680)
State income taxes	1,120	385	986
Foreign income taxes	148	481	289
Other	32	440	366
	$ 16,460	$ 14,233	$ 12,176

The Company's Puerto Rico subsidiary's income was 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 deferred tax (assets) liabilities are as follows:

	August 31, 2002	August 25, 2001	August 26, 2000
Rental merchandise in service	$ 12,765	$ 20,061	$ 21,599
Tax in excess of book depreciation	23,630	20,151	19,244
Accruals and other	(11,547)	(13,991)	(12,516)
Net deferred tax liabilities	$ 24,848	$ 26,221	$ 28,327

4. Long-Term Obligations

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

	August 31, 2002	August 25, 2001
Unsecured revolving credit agreement with a syndicate of banks, interest rates of 2.84% and 5.03%, respectively	$ 80,000	$ 88,275
Notes payable, interest rates from 4.9%-7.5%, payable in various installments through 2007	4,431	4,924
Amounts due for restrictive covenants and other, payable in various installments through 2005	665	1,596
	85,096	94,795
Less – current maturities	1,406	1,664
	$ 83,690	$ 93,131

Aggregate current maturities of long-term obligations for all years subsequent to August 31, 2002 are $1,406 in 2003, $2,251 in 2004, $478 in 2005, $80,409 in 2006, $179 in 2007 and $373 thereafter.

The Company's unsecured revolving credit agreement runs through August 30, 2005. As of August 31, 2002, the maximum line of credit was $125,000. Under this line of credit, the Company may borrow funds at variable interest rates based on the Eurodollar rate or the bank's money market rate, as selected by the Company. This agreement contains, 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 $182,377 as of August 31, 2002. The Company was in compliance with these provisions as of August 31, 2002.

5. Derivative Instruments and Hedging Activities

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended ("SFAS No. 133"), in 2001. SFAS No. 133 established standards for accounting and reporting derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities.

The Company has entered into interest rate swap agreements to manage its exposure to movements in interest rates on its variable rate debt. The swap agreements are cash flow hedges and are used to manage exposure to interest rate movement by effectively changing the variable rate to a fixed rate. Such instruments are matched with the underlying borrowings. SFAS No. 133 eliminates special hedge accounting if a swap agreement does not meet certain criteria, thus requiring the Company to reflect all changes in the fair value of the swap agreement in earnings in the period of change.

5. Derivative Instruments and Hedging Activities (cont.)

In October 1999, the Company entered into an interest rate swap agreement with a bank, notional amount $40,000, maturing October 13, 2004. The Company pays a fixed rate of 6.38% and receives a variable rate tied to the three month LIBOR rate. As of August 31, 2002 the applicable variable rate was 1.86%. On October 15, 2002, the bank had the option to terminate the swap agreement without further obligation to make payments to the Company. The bank did not exercise this option. This swap agreement does not meet the required criteria as defined in SFAS No. 133 to use special hedge accounting. Accordingly, the Company has recorded, in the interest rate swap expense line item of its consolidated statement of income, charges of $1,256 in 2002 and $2,240 in 2001 for the changes in the fair value of the swap agreement.

In June 2001, the Company entered into a second interest rate swap agreement with a bank, notional amount $20,000, maturing June 5, 2003. The Company pays a fixed rate of 4.69% and receives a variable rate tied to the three month LIBOR rate. As of August 31, 2002 the applicable variable rate was 1.90%. This swap agreement meets the required criteria as defined in SFAS No. 133 to use special hedge accounting. Accordingly, the Company has recorded, in the accumulated other comprehensive income (loss) line item of its consolidated statement of shareholders' equity, a charge of $195, net of tax of $130 in 2002 and a charge of $150, net of tax of $100 in 2001, for the change in the fair value of the swap agreement.

During 2001, the Company entered into natural gas swap agreements to mitigate the commodity price risk associated with the natural gas used at certain laundry facilities. During the third quarter of fiscal 2002, the Company liquidated these swap agreements. The impact of this liquidation was not material to the Company's financial condition or results of operations. These swap agreements met the required criteria as defined in SFAS No. 133 to use special hedge accounting. Accordingly, the Company recorded, in accumulated other comprehensive income (loss), income of $515, net of tax of $343 in 2002 and a loss of $515, net of tax of $343 in 2001, related to the change in the fair value of the swap agreements.

6. 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 Company matches a portion of the employee's contribution and can make an additional contribution at its discretion. Contributions charged to expense under the plan were $6,176 in 2002, $5,744 in 2001 and $4,404 in 2000.

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 these plans amounted to $402 in 2002, $282 in 2001 and $419 in 2000. Information is not readily available for the Company to determine its share of unfunded vested benefits, if any, under these plans.

7. Goodwill and Other Intangible Assets

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). SFAS No. 142 addresses financial accounting and reporting for goodwill and other intangible assets. SFAS No. 142 supersedes Accounting Principles Board ("APB") Opinion No. 17, "Intangible Assets." The Company adopted SFAS No. 142 effective August 26, 2001. Under SFAS No. 142, goodwill is no longer amortized, but reviewed annually, or more frequently if certain indicators arise, for impairment. There were no impairment losses related to goodwill and indefinite-lived intangible assets due to the application of SFAS No. 142. In addition, the remaining useful lives of amortizable intangible assets were reviewed and deemed appropriate.

Upon adoption of SFAS No. 142, the Company discontinued the amortization of goodwill. The following table presents a reconciliation of net income and earnings per share, adjusted for the exclusion of goodwill, net of tax:

Year ended (in thousands)	August 31, 2002	August 25, 2001	August 26, 2000
Reported net income	$ 26,859	$ 23,224	$ 19,868
Add: Goodwill amortization, net of tax	–	1,178	1,057
Adjusted net income	$ 26,859	$ 24,402	$ 20,925
Reported basic earnings per share	$1.40	$1.20	$ 1.01
Add: Goodwill amortization, net of tax	–	.06	.05
Adjusted basic earnings per share	$1.40	$1.26	$1.06
Reported diluted earnings per share	$1.39	$1.20	$ 1.01
Add: Goodwill amortization, net of tax	–	.06	.05
Adjusted diluted earnings per share	$1.39	$1.26	$1.06

The changes in the carrying amount of goodwill are as follows:

Balance as of August 25, 2001	$ 54,579
Goodwill acquired during the period	6,960
Amortization	–
Balance as of August 31, 2002	$ 61,539

Other intangible assets, net on the Company's accompanying consolidated balance sheets are as follows:

	August 31, 2002	August 25, 2001
Customer contracts, net of accumulated amortization of $30,586 and $27,396, respectively	$ 18,170	$ 19,534
Restrictive covenants, net of accumulated amortization of $11,745 and $9,841, respectively	4,073	5,775
Other intangible assets, net of accumulated amortization of $811 and $579, respectively	912	801
	$ 23,155	$ 26,110

7. Goodwill and Other Intangible Assets (cont.)

Estimated amortization expense for the five fiscal years subsequent to August 31, 2002, based on other intangible assets, net as of August 31, 2002 is as follows:

2003	2004	2005	2006	2007
$ 4,227	$ 3,157	$ 2,495	$ 2,113	$ 1,945

8. Accrued Liabilities

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

	August 31, 2002	August 25, 2001
Insurance related	$ 18,372	$ 20,212
Payroll related	13,537	13,216
Environmental related	5,377	5,047
Other	16,045	16,767
	$ 53,331	$ 55,242

9. Commitments and Contingencies

Lease Commitments

The Company leases certain buildings from independent parties. Total rent expense on all leases was $3,436 in 2002, $3,564 in 2001, and $3,542 in 2000. Annual minimum lease commitments for all years subsequent to August 31, 2002 are $2,759 in 2003, $1,997 in 2004, $1,238 in 2005, $648 in 2006 and $441 thereafter.

Contingencies

The Company and its operations are subject to various federal, state and local laws and regulations governing, among other things, the generation, handling, storage, transportation, treatment and disposal of hazardous waste and other substances. In particular, industrial laundries use and must dispose of detergent waste water and other residues. The Company is attentive to the environmental concerns surrounding the disposal of these materials and has through the years taken measures to avoid their improper disposal. In the past, the Company has settled, or contributed to the settlement of, actions or claims brought against the Company relating to the disposal of hazardous materials and there can be no assurance that the Company will not have to expend material amounts to remediate the consequences of any such disposal in the future. Further, under environmental laws, an owner or lessee of real estate may be liable for the cost of removal or remediation of certain hazardous or toxic substances located on or in or emanating from such property, as well as related costs of investigation and property damage. Such laws often impose liability without regard to whether the owner or lessee knew of or was responsible for the presence of such hazardous or toxic substances. There can be no assurances that acquired or leased locations have been operated in compliance with environmental laws and regulations or that future uses or conditions will not result in the imposition of liability upon the Company under such laws or expose the Company to third-party actions such as tort suits. The Company continues to address environmental conditions under terms of consent orders negotiated with the applicable environmental authorities or otherwise with respect to sites located in or related to Woburn, Massachusetts, Uvalde, Texas, Williamstown, Vermont, and Springfield, Massachusetts.

The Company's nuclear garment decontamination facilities are licensed by the Nuclear Regulatory Commission, or in certain cases by the applicable state agency, and are subject to regulation by federal, state and local authorities. In recent years, there has been increased scrutiny and, in certain cases, regulation of nuclear facilities or related services that have resulted in the suspension of operations at certain nuclear facilities served by the Company or disruptions of the Company's ability to service such facilities. There can be no assurance that such increased scrutiny will not lead to the shut-down of such facilities or otherwise cause material disruptions in the Company's garment decontamination business.

From time to time, the Company is subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to charges for certain ancillary services, personal injury claims, customer contract matters, employment claims and environmental matters as described above.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, the Company believes that the aggregate amount of such liabilities, if any, in excess of amounts accrued or covered by insurance, will not have a material adverse effect on the consolidated financial position or results of operations of the Company. It is possible, however, that future results of operations for any particular future period could be materially affected by changes in our assumptions or strategies related to these contingencies or changes out of the Company's control.

As security for certain agreements, the Company had standby irrevocable bank commercial letters of credit and mortgages of $14,927 and $13,327 outstanding as of August 31, 2002 and August 25, 2001, respectively.

10. Common Stock Options

The Company adopted an incentive stock option plan (the "Plan") in November, 1996 and reserved 150,000 shares of common stock for issue under the Plan. In January of 2002, the Company increased to 450,000, the number of shares of common stock reserved for issuance under the Plan. Options granted under the Plan, through August 31, 2002, are at a price equal to the fair market value of the Company's common stock on the date of grant and expire eight years after the grant date. Each such option is subject to a proportional four-year vesting schedule with no options generally being vested or exercisable until one year from date of grant. The following table summarizes the common stock option activity for the fiscal years ended August 31, 2002, August 25, 2001, and August 26, 2000:

	Number of Shares	Weighted Average Exercise Price
Outstanding, August 28, 1999	0	$ –
Granted	58,000	15.07
Exercised	0	–
Forfeited	(2,200)	15.13
Outstanding, August 26, 2000	55,800	15.07
Granted	57,700	10.06
Exercised	0	–
Forfeited	(5,700)	12.60
Outstanding, August 25, 2001	107,800	12.52
Granted	55,700	17.55
Exercised	(4,875)	13.44
Forfeited	(11,375)	13.71
Outstanding, August 31, 2002	147,250	$14.30
Exercisable, August 26, 2000	0	$ –
Exercisable, August 25, 2001	13,075	$ 15.13
Exercisable, August 31, 2002	46,288	$ 13.78

The following table summarizes information relating to currently outstanding and exercisable stock options as of August 31, 2002:

Outstanding Options			Exercisable Options	
Number Outstanding	Remaining Contractual Life (in Years)	Exercise Price	Number Exercisable	Exercise Price
45,300	5.0	$ 15.13	33,975	$ 15.13
49,250	6.2	10.06	12,313	10.06
52,700	7.2	17.55	0	17.55
147,250			46,288	

The Company accounts for the stock option plan under APB No. 25, "Accounting for Stock Issued to Employees," under which no compensation cost has been recognized related to stock option grants. Had compensation cost for this plan been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income and earnings per share would have been reduced to the following pro forma amounts for the fiscal years ended August 31, 2002, August 25, 2001, and August 26, 2000:

	2002	2001	2000
Net income:			
As reported	$ 26,859	$ 23,224	$ 19,868
Pro forma	$ 26,733	$ 23,078	$ 19,782
Net income per share – basic:			
As reported	$ 1.40	$ 1.20	$ 1.01
Pro forma	$ 1.39	$ 1.19	$ 1.01

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model as prescribed by SFAS No. 123, based upon the date of grant, with the following assumptions used for grants each year:

	2002	2001	2000
Risk-free interest rate	4.03%	5.78%	6.34%
Expected dividend yield	1.00%	1.00%	1.00%
Expected life in years	8	8	8
Expected volatility	30%	30%	30%

The weighted average fair values of options granted during fiscal years 2002, 2001 and 2000 were $6.67, $4.28, and $6.63, respectively.

11. Shareholders' Equity

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.

12. Other Comprehensive Income (Loss)

The components of accumulated other comprehensive loss were as follows:

	Foreign Currency Translation	Change in Fair Value of Derivative Instruments, net of tax	Total Accumulated Other Comprehensive Loss
Balance, August 28, 1999	$ (1,948)	$ –	$ (1,948)
Change during the period	(21)	–	(21)
Balance, August 26, 2000	(1,969)	–	(1,969)
Change during the period	(893)	(665)	(1,558)
Balance, August 25, 2001	(2,862)	(665)	(3,527)
Change during the period	(471)	320	(151)
Balance, August 31, 2002	$ (3,333)	$ (345)	$ (3,678)

13. Segment Reporting

The Company operates as a single reportable segment, that being the design, rental, cleaning and delivery of occupational garments, industrial wiper towels, floor mats and other non-garment items, which represents more than 90% of consolidated net sales. The Company also has activities in Canada, Mexico and Europe, which do not meet the thresholds outlined in SFAS 131.

14. Recent Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"), which is effective for fiscal years beginning after June 15, 2002. The Statement requires obligations associated with the retirement of long-lived assets to be recognized at fair value at the time that the obligations are incurred. Upon initial recognition of the liability, the cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. The Company will adopt SFAS No. 143 effective September 1, 2002. Due to the number of operating facilities that the Company maintains, the extensive amount of information that must be reviewed and estimates that must be made to assess the effects of the Statement, the Company has not yet quantified the impact of adopting SFAS No. 143 on its consolidated financial statements. However, the Company expects the impact of adopting SFAS No. 143 will increase property and equipment, net, result in the recognition of an asset retirement obligation, and require the Company to record a material charge to its consolidated statement of income in the first quarter of fiscal 2003 representing the cumulative effect of a change in accounting principle.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. The Company does not believe that SFAS 144 will have a material impact on its consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"). This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not believe that SFAS 146 will have a material impact on its consolidated financial statements.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

Board of Directors and Shareholders
UniFirst Corporation and Subsidiaries

We have audited the accompanying consolidated balance sheet of UniFirst Corporation and subsidiaries as of August 31, 2002 and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended. 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 audit. The consolidated financial statements of UniFirst Corporation and subsidiaries as of August 25, 2001 and August 26, 2000, and for the two years then ended, were audited by other auditors who have ceased operations and whose report dated October 31, 2001, expressed an unqualified opinion on those statements.

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

In our opinion, the 2002 financial statements referred to above present fairly, in all material respects, the consolidated financial position of UniFirst Corporation and subsidiaries at August 31, 2002, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 7 to the financial statements, effective August 26, 2001, the Company adopted Statement of Financial Accounting Standards (Statement) No. 142, "Goodwill and Other Intangible Assets." As discussed above, the consolidated financial statements of UniFirst Corporation and subsidiaries as of August 25, 2001 and August 26, 2000, and for the two years then ended, were audited by other auditors who have ceased operations. As described in Note 7, these consolidated financial statements have been revised to include the transitional disclosures required by Statement No. 142 which was adopted as of August 26, 2001. We have audited the disclosures in Note 7 and, in our opinion, the disclosures for the years ended August 25, 2001 and August 26, 2000 in Note 7 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the consolidated financial statements of UniFirst Corporation and subsidiaries as of August 25, 2001 and August 26, 2000, and for the two years then ended other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements as of August 25, 2001 and August 26, 2000, and for the two years then ended, taken as a whole.

ERNST & YOUNG LLP

Boston, Massachusetts

November 11, 2002

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

UniFirst Corporation and Subsidiaries:

To UniFirst Corporation:

We have audited the accompanying consolidated balance sheets of UniFirst Corporation (a Massachusetts corporation) and subsidiaries as of August 25, 2001 and August 26, 2000, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended August 25, 2001. These consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of UniFirst Corporation and subsidiaries as of August 25, 2001 and August 26, 2000, and the results of their operations and their cash flows for each of the three years in the period ended August 25, 2001, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Boston, Massachusetts

October 31, 2001

Note: This is a copy of the audit report previously issued by Arthur Andersen LLP in connection with UniFirst Corporation 's filing on Form 10-K for the year ended August 25, 2001. This audit report has not been reissued by Arthur Andersen LLP in connection with this filing on Form 10-K. See Exhibit 23.2 for further discussion.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Company believes the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition and Allowance for Doubtful Accounts

The Company recognizes revenue from rental operations in the period in which the services are provided. Direct sale revenue is recognized in the period in which the product is shipped. Judgements and estimates are used in determining the collectability of accounts receivable. The Company analyzes specific accounts receivable and historical bad debt experience, customer credit worthiness, current economic trends and the age of outstanding balances when evaluating the adequacy of the allowance for doubtful accounts. Management judgements and estimates are used in connection with establishing the allowance in any accounting period. Changes in estimates are reflected in the period they become known. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Material differences may result in the amount and timing of bad debt expense recognition for any given period if management makes different judgements or utilizes different estimates.

Inventories and Rental Merchandise in Service

Inventories are stated at the lower of cost or market value, net of any reserve for excess and obsolete inventory. Judgements and estimates are used in determining the likelihood that new goods on hand can be sold to customers or used in rental operations. Historical inventory usage and current revenue trends are considered in estimating both excess and obsolete inventories. If actual product demand and market conditions are less favorable than those projected by management, additional inventory write-downs may be required. The Company uses the last-in, first-out (LIFO) accounting 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 $1,544 and $1,493 higher at August 31, 2002 and August 25, 2001, respectively. Substantially all inventories represent finished goods.

Rental merchandise in service is being amortized on a straight-line basis over the estimated service lives of the merchandise, which range from 6 to 24 months. In establishing estimated lives for merchandise in service, management considers historical experience and the intended use of the merchandise. Material differences may result in the amount and timing of operating profit for any period if management makes different judgements or utilizes different estimates.

Insurance

The Company self-insures for certain obligations related to health and workers' compensation programs. The Company also purchases stop-loss insurance policies to protect it from catastrophic losses. Judgements and estimates are used in determining the potential value associated with reported claims and for losses that have occurred, but have not been reported. The Company's estimates consider historical claim experience and other factors. The Company's liabilities are based on estimates, and, while the Company believes that the accrual for loss is adequate, the ultimate liability may be in excess of or less than the amounts recorded. Changes in claim experience, the Company's ability to settle claims or other estimates and judgments used by management could have a material impact on the amount and timing of expense for any period.

Environmental and Other Contingencies

The Company is subject to legal proceedings and claims related to environmental matters arising from the conduct of their business operations, including personal injury claims, customer contract matters, employment claims, and environmental matters. Accounting principles generally accepted in the United States require that a liability for contingencies be recorded when it is probable that a liability has occurred and the amount of the liability can be reasonably estimated. Significant judgment is required to determine the existence of a liability, as well as the amount to be recorded. The Company regularly consults with attorneys and outside consultants to ensure that all of the relevant facts and circumstances are considered, before a contingent liability is recorded. The Company records accruals for environmental and other contingencies based on enacted laws, regulatory orders or decrees, the Company's estimates of costs, insurance proceeds, participation by other parties and the timing of payments, and the input of outside consultants and attorneys. Changes in enacted laws, regulatory orders or decrees, management's estimates of costs, insurance proceeds, participation by other parties and the timing of payments, and the input of outside consultants and attorneys could have a material impact on the amounts recorded for environmental and other contingent liabilities.

Income Taxes

The Company is periodically reviewed by domestic and foreign tax authorities regarding the amount of taxes due. These reviews include questions regarding the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposure associated with various filing positions, the Company records estimated reserves for probable exposures. Based on the Company's evaluation of current tax positions, the Company believes they have appropriately accrued for probable exposures.

Fiscal Year Ended August 31, 2002 Compared with Fiscal Year Ended August 25, 2001

Revenues. In 2002, revenues increased 4.0% to $578.9 million as compared with $556.4 million for 2001. This increase can be attributed to an extra week of revenue in fiscal 2002 (1.9%), increased revenue from the nuclear garment services business (1.7%), and price increases in the core uniform rental and first aid business (0.4%).

Operating costs. Operating costs decreased to $349.0 million for 2002 as compared with $349.4 million for 2001. As a percentage of revenues, operating costs decreased to 60.3% from 62.8% for these periods, primarily due to lower merchandise costs resulting from transitioning manufacturing operations to Mexico, better control of garment usage through the use of in-plant stockrooms, and reduced energy related costs such as natural gas, electricity and fuel.

Selling and administrative expenses. The Company's selling and administrative expenses increased to $139.9 million, or 24.2% of revenues, for 2002 as compared with $121.8 million, or 21.9% of revenues, for 2001. Fiscal 2001 reflects a credit to selling and administrative expenses of $1.1 million for a favorable settlement of a lawsuit related to the Company's nuclear garment service business. Excluding this settlement, selling and administrative expenses would have been $122.9 million, or 22.1% of revenues. The increase from 2001 to 2002 is attributable to significant increases in healthcare costs, increased marketing costs due to salesforce expansion, and legal expenses.

Depreciation and amortization. The Company's depreciation and amortization expense increased to $38.0 million, or 6.6% of revenues, for 2002, as compared with $37.6 million, or 6.8% of revenues, for 2001. This increase was due primarily to increased depreciation expense during fiscal 2002 related to new capital expenditures and the completion and placement into service of the Company's second manufacturing plant in Mexico, offset by the elimination of goodwill amortization of $2.0 million, which was recorded in 2001. See Note 7 for further discussion.

Interest expense. Interest expense was $8.8 million, or 1.5% of revenues, for 2002 as compared with $9.1 million, or 1.6% of revenues, for 2001. During the second quarter of fiscal 2002, the Company recorded a $2.3 million interest charge as an estimated amount due for settlement of a revenue agent review with the IRS. Excluding this charge, interest expense would have been $6.5 million for 2002, or 1.1% of revenues. The decrease from fiscal 2001 to fiscal 2002 is related to lower interest rates in 2002, as well as continued debt reduction in 2002.

Interest income. Interest income, which is primarily amounts charged to customers for overdue accounts, increased to $1.4 million for fiscal 2002, as compared to $1.2 million for fiscal 2001. The amounts recorded in each year were 0.2% of revenue.

Interest rate swap expense. Interest rate swap expense was $1.3 million, or 0.2% of revenues, for 2002, as compared to $2.2 million, or 0.4% of revenues, for 2001. The lower interest rate swap expense in 2002 is due to a change in the fair value of the Company's $40 million notional amount interest rate swap agreement. See Note 5 for a further discussion of the impact of this change.

Provision for income taxes. The Company's effective income tax rate was 38.0% in both 2002 and 2001.

Fiscal Year Ended August 25, 2001 Compared with Fiscal Year Ended August 26, 2000

Revenues. In 2001, revenues increased 5.2% to $556.4 million as compared with $528.7 million for 2000. This increase can be attributed to growth from existing operations (4.0%), price increases (1.0%) and acquisitions (0.2%). Growth from existing operations was primarily from the conventional uniform rental business (3.1%), and from the nuclear garment services business (0.9%).

Operating costs. Operating costs increased to $349.4 million for 2001 as compared with $336.3 million for 2000 as a result of costs associated with increased revenues. As a percentage of revenues, operating costs decreased to 62.8% from 63.6% for these periods, primarily due to lower merchandise costs resulting from improved product utilization, offset somewhat by significant increases in energy related costs such as natural gas, electricity and fuel.

Selling and administrative expenses. The Company's selling and administrative expenses increased to $121.8 million, or 21.9% of revenues, for 2001 as compared with $118.4 million, or 22.4% of revenues, for 2000. These costs were favorably impacted by a $1.1 million settlement received in the first quarter of 2001 from a lawsuit related to the Company's nuclear garment services business. Excluding this settlement, these expenses would have been $122.9 million, or 22.1% of revenues, for 2001.

Depreciation and amortization. The Company's depreciation and amortization expense increased to $37.6 million, or 6.8% of revenues, for 2001, as compared with $34.7 million, or 6.6% of revenues, for 2000. This increase was due primarily to higher depreciation expense in 2001.

Other expense (income). Net interest expense (interest expense less interest income) was $7.9 million, or 1.4% of revenues, for 2001 as compared with $7.2 million, or 1.4% of revenues, for 2000. The increase is primarily attributable to higher interest rates during 2001, offset somewhat by higher interest income resulting from charges to customers for overdue receivable balances. Interest rate swap expense was $2.2 million, or 0.4% or revenues, for 2001 due to the implementation of SFAS No. 133,. See Note 5 for a further discussion of the impact of this change.

Provision for income taxes. The Company's effective income tax rate was 38.0% in both 2001 and 2000.

Liquidity and Capital Resources

Shareholders' equity at August 31, 2002 was $309.7 million, or 78.4% of the Company's total capitalization.

Net cash provided by operating activities was $52.7 million in fiscal 2002 and totaled $186.5 million for the three years ended August 31, 2002. These cash flows were used primarily to fund $114.2 million in capital expenditures to expand and update Company facilities, and reduce debt by a net amount of $30.2 million for the three years ended August 31, 2002. Additionally, during this three year period, $20.4 million was used for acquisitions, net of cash acquired, $4.4 million was used to purchase other assets, $8.2 million was used to repurchase 677,000 shares of the Company's common stock, and $7.8 million was used to pay cash dividends to Common and Class B Common shareholders.

As of August 31, 2002, the Company had $4.3 million in cash and cash equivalents and $31.1 million available under its $125.0 million unsecured line of credit with a syndicate of banks. As of August 31, 2002, the Company had outstanding $13.9 million of standby irrevocable bank commercial letters of credit. The Company believes its cash generated from operations and its borrowing capacity will adequately cover its foreseeable capital requirements.

Contractual Obligations and Commercial Commitments

		Payments Due by Fiscal Period				
Contractual Obligations	Total	2003	2004	2005	2006	Thereafter
Long Term Debt	$ 85,096	$ 1,406	$ 2,251	$ 478	$ 80,409	$ 552
Operating Leases	7,083	2,759	1,997	1,238	648	441
Total Contractual Cash Obligations	$ 92,179	$ 4,165	$ 4,248	$ 1,716	$ 81,057	$ 993

		Commitment Expiration				
Other Commercial Commitments	Total Amounts Committed	2003	2004	2005	2006	Thereafter
Unused Lines of Credit	$ 31,073	$ –	$ –	$ –	$ 31,073	$ –
Standby Letters of Credit	13,927	–	–	–	13,927	–
Other Commercial Commitments	1,000	–	–	–	–	1,000
Total Commercial Commitments	$ 46,000	$ –	$ –	$ –	$ 45,000	$ 1,000

Seasonality

Historically, the Company's revenues and operating results have varied from quarter to quarter and are expected to continue to fluctuate in the future. These fluctuations have been due to a number of factors, including: general economic conditions in the Company's markets; the timing of acquisitions and of commencing start-up operations and related costs; the effectiveness of integrating acquired businesses and start-up operations; the timing of nuclear plant outages; capital expenditures; seasonal rental and purchasing patterns of the Company's customers; and price changes in response to competitive factors. In addition, the Company's operating results historically have been lower during the second and fourth fiscal quarters than during the other quarters of the fiscal year. The operating results for any historical quarter are not necessarily indicative of the results to be expected for an entire fiscal year or any other interim periods.

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.

Potential Impact of Recent Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"), which is effective for fiscal years beginning after June 15, 2002. The Statement requires obligations associated with the retirement of long-lived assets to be recognized at fair value at the time that the obligations are incurred. Upon initial recognition of the liability, the cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. The Company will adopt SFAS No. 143 effective September 1, 2002. Due to the number of operating facilities that the Company maintains, the extensive amount of information that must be reviewed and estimates that must be made to assess the effects of the Statement, the Company has not yet quantified the impact of adopting SFAS No. 143 on its consolidated financial statements. However, the Company expects the impact of adopting SFAS No. 143 will increase property and equipment, net, result in the recognition of an asset retirement obligation, and require the Company to record a material charge to its consolidated statement of income in the first quarter of fiscal 2003 representing the cumulative effect of a change in accounting principle.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. The Company does not believe that SFAS 144 will have a material impact on its consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"). This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not believe that SFAS 146 will have a material impact on its consolidated financial statements.

Safe Harbor for Forward Looking Statements

Forward looking statements contained in this annual report are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995 and are highly dependent upon a variety of important factors that could cause actual results to differ materially from those reflected in such forward looking statements. Such factors include uncertainties regarding the Company's ability to consummate and successfully integrate acquired businesses, uncertainties regarding any existing or newly-discovered expenses and liabilities related to environmental compliance and remediation, the Company's ability to compete successfully without any significant degradation in its margin rates, seasonal fluctuations in business levels, uncertainties regarding the price levels of natural gas, electricity and fuel, improvement in under performing rental operations, uncertainties arising from the war on terrorism, including the instability created by the escalating conflict in the Middle East, and its impact on the economy and general economic conditions. When used in this annual report, the words "intend," "anticipate," "believe," "estimate," and "expect" and similar expressions as they relate to the Company are included to identify such forward looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Quantitative and Qualitative Disclosure about Market Risk

Foreign Currency Exchange Risk

Management has determined that all of the Company's foreign subsidiaries operate primarily in local currencies that represent the functional currencies of the subsidiaries. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date, while income and expense accounts are translated at average exchange rates during the year. As such, the Company's operating results are affected by fluctuations in the value of the U.S. dollar as compared to currencies in foreign countries, as a result of the Company's transactions in these foreign markets. The Company does not operate a hedging program to mitigate the effect of a significant rapid change in the value of the Canadian Dollar, Euro or Mexican Peso as compared to the U.S. dollar. If such a change did occur, the Company would have to take into account a currency exchange gain or loss in the amount of the change in the U.S. dollar denominated balance of the amounts outstanding at the time of such change. While the Company does not believe such a gain or loss is likely, and would not likely be material, there can be no assurance that such a loss would not have an adverse material effect on the Company's results of operations or financial condition.

Interest Rate Risk

The Company is exposed to market risk from changes in interest rates which may adversely affect its financial position, results of operations and cash flows. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposures through its regular operating and financing activities. In fiscal 2000, the Company entered into an interest rate swap agreement with a bank, notional amount $40,000, maturing October 13, 2004. The Company pays a fixed rate of 6.38% and receives a variable rate tied to the three month LIBOR rate. As of August 31, 2002 the applicable variable rate was 1.86%. On October 15, 2002, the bank had the option to terminate the swap agreement without further obligation to make payments to the Company. The bank did not exercise this option. In fiscal 2001, the Company entered into a second interest rate swap agreement with a bank, notional amount $20,000, maturing June 5, 2003. The Company pays a fixed rate of 4.69% and receives a variable rate tied to the three month LIBOR rate. As of August 31, 2002 the applicable variable rate was 1.90%. See Note 5 for more details on the Company's derivative instruments and hedging activities.

The Company is exposed to interest rate risk primarily through its borrowings under its $125,000 unsecured line of credit with a syndicate of banks. Under the line of credit, the Company may borrow funds at variable interest rates based on the Eurodollar rate or the bank's money market rate, as selected by the Company. As of August 31, 2002, the fair value of the Company's outstanding debt approximates its carrying value.

Other

During 2001, the Company entered into natural gas swap agreements to mitigate the commodity price risk associated with the natural gas used at certain laundry facilities. During the third quarter of fiscal 2002, the Company liquidated these swap agreements. The impact of this liquidation was not material to the Company's financial condition or results of operations.

QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of the results of operations for each of the quarters within the years ended August 31, 2002 and August 25, 2001.

(In thousands, except per share data)

2002	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 142,625	$ 151,523	$ 144,259	$ 140,491
Income before income taxes	12,313	8,321	12,149	10,536
Net income	7,634	5,159	7,532	6,534
Weighted average shares outstanding – basic	19,220	19,221	19,223	19,225
Weighted average shares outstanding – diluted	19,250	19,276	19,293	19,288
Net income per share – basic	$0.40	$0.27	$0.39	$0.34
Net income per share – diluted	$0.39	$0.27	$0.39	$0.34

2001	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 141,009	$ 136,562	$ 140,625	$ 138,175
Income before income taxes	11,010	6,941	10,251	9,255
Net income	6,826	4,303	6,356	5,739
Weighted average shares outstanding – basic	19,620	19,362	19,256	19,220
Weighted average shares outstanding – diluted	19,620	19,362	19,274	19,243
Net income per share – basic	$0.35	$0.22	$0.33	$0.30
Net income per share – diluted	$0.35	$0.22	$0.33	$0.30

Common Stock Prices and Cash Dividends Per Share
For the Years Ended August 31, 2002 and August 25, 2001:

	Price Per Share		Cash Dividends Per Share	
2002	High	Low	Class B Common Stock	Common Stock
First Quarter	$ 19.490	$ 15.300	$ 0.030	$ 0.0375
Second Quarter	24.360	19.370	0.030	0.0375
Third Quarter	28.690	22.190	0.030	0.0375
Fourth Quarter	25.260	21.520	0.030	0.0375

	Price Per Share		Cash Dividends Per Share	
2001	High	Low	Class B Common Stock	Common Stock
First Quarter	$ 10.625	$ 8.875	$ 0.0300	$ 0.0375
Second Quarter	13.938	9.063	0.0300	0.0375
Third Quarter	19.700	12.350	0.0300	0.0375
Fourth Quarter	19.250	15.600	0.0300	0.0375

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 15, 2002 were 128 and 22, respectively.

CORPORATE INFORMATION

Corporate Officers

Ronald D. Croatti
Chairman of the Board, President and Chief Executive Officer

Cynthia Croatti
Executive Vice President and Treasurer

John B. Bartlett
Senior Vice President and Chief Financial Officer

Dennis G. Assad
Senior Vice President, Sales and Marketing

Bruce P. Boynton
Senior Vice President, Operations

David A. DiFillippo
Senior Vice President, Operations

Raymond C. Zemlin
Secretary and Clerk

Operating and Subsidiary Officers

John R. Badey
Vice President, Distribution and Engineering

George J. Bakevich
Vice President, UniTech Services Group

Joseph A. Boucher
Vice President, Western Rental Group

Robert F. Corliss
Vice President, Northeast Rental Group

Stephen A. Gaykan
Vice President, Manufacturing

Robert A. Kuhn
Vice President, Southeast Rental Group

Todd T. Lewis
Vice President, First Aid and Safety

Robert E. Middleton
Vice President, Southwest Rental Group

Gary L. Rogers
Vice President, Texas Rental Group

Michael J. Szymanski
Vice President, Canadian Rental Group

Directors

Ronald D. Croatti
Chairman of the Board, President and Chief Executive Officer

Cynthia Croatti
Executive Vice President and Treasurer

Donald J. Evans
General Counsel and First Deputy Commissioner,
Massachusetts Department of Revenue

Albert Cohen
President, A.L.C. Corp., a consultancy

Phillip L. Cohen
Financial Consultant; Certified Public Accountant

Anthony F. DiFillippo
Former President, UniFirst Corporation

Corporate Information

Form 10-K
Shareholders may obtain, without charge, a copy of the Company's 2002 Form 10-K. Written requests should be addressed to John B. Bartlett, Senior Vice President.

Transfer Agent
EquiServe Trust Co., N.A.

Independent Public Accountants
Ernst & Young LLP

Legal Counsel
Goodwin Procter LLP

UniFirst Corporation

68 Jonspin Road
Wilmington, MA 01887-1086
978.658.8888
www.unifirst.com

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