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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended **November 28, 2009**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **1-8504**

**UNIFIRST CORPORATION**

(Exact name of Registrant as Specified in Its Charter)

**Massachusetts**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**68 Jonspin Road, Wilmington, MA**  
(Address of Principal Executive Offices)

**04-2103460**  
(I.R.S. Employer  
Identification No.)

**01887**  
(Zip Code)

**(978) 658-8888**

(Registrant's Telephone Number, Including Area Code)

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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Smaller Reporting Company  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of outstanding shares of UniFirst Corporation Common Stock and Class B Common Stock at December 31, 2009 were 14,451,329 and 4,931,369, respectively.

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**UniFirst Corporation**  
**Quarterly Report on Form 10-Q**  
**For the Quarter ended November 28, 2009**

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**PART I – FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**UniFirst Corporation and Subsidiaries**  
**Consolidated Statements of Income**  
*(Unaudited)*

<b>Thirteen weeks ended</b>	<b>November</b>	<b>November</b>
<b>(In thousands, except per share data)</b>	<b>28,</b>	<b>29,</b>
	<b>2009</b>	<b>2008</b>
Revenues	\$ 256,179	\$ 262,554
Operating expenses:		
Cost of revenues (1)	149,224	157,063
Selling and administrative expenses (1)	51,472	57,487
Depreciation and amortization	15,056	13,703
Total operating expenses	<u>215,752</u>	<u>228,253</u>
Income from operations	<u>40,427</u>	<u>34,301</u>
Other expense (income):		
Interest expense	2,184	2,591
Interest income	(524)	(504)
Exchange rate (gain) loss	(201)	934
	<u>1,459</u>	<u>3,021</u>
Income before income taxes	38,968	31,280
Provision for income taxes	<u>15,392</u>	<u>12,418</u>
Net income	<u>\$ 23,576</u>	<u>\$ 18,862</u>
<b>Income per share – Basic:</b>		
Common Stock	\$ 1.28	\$ 1.03
Class B Common Stock	\$ 1.03	\$ 0.82
<b>Income per share – Diluted:</b>		
Common Stock	\$ 1.21	\$ 0.97
<b>Weighted average number of shares outstanding – Basic:</b>		
Common Stock	14,440	14,390
Class B Common Stock	4,932	4,935
	<u>19,372</u>	<u>19,325</u>
<b>Weighted average number of shares outstanding – Diluted:</b>		
Common Stock	<u>19,434</u>	<u>19,362</u>
<b>Dividends per share:</b>		
Common Stock	\$ 0.0375	\$ 0.0375
Class B Common Stock	<u>\$ 0.0300</u>	<u>\$ 0.0300</u>

(1) Exclusive of depreciation on the Company's property, plant and equipment and amortization on its intangible assets

The accompanying notes are an integral part of these  
Consolidated Financial Statements.

**UniFirst Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
(Unaudited)

<b>(In thousands, except share data)</b>	<b>November 28, 2009</b>	<b>August 29, 2009 (a)</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 79,708	\$ 60,151
Receivables, less reserves of \$6,700 and \$5,567, respectively	110,574	97,784
Inventories	39,217	43,586
Rental merchandise in service	75,820	73,063
Deferred income taxes	25,017	24,901
Prepaid expenses	4,989	2,889
<b>Total current assets</b>	<b>335,325</b>	<b>302,374</b>
<b>Property, plant and equipment:</b>		
Land, buildings and leasehold improvements	327,586	325,034
Machinery and equipment	358,799	352,511
Motor vehicles	119,117	113,048
	805,502	790,593
Less -- accumulated depreciation	418,113	407,823
	387,389	382,770
Goodwill	265,978	261,171
Customer contracts, net	58,133	56,616
Other intangible assets, net	4,853	3,438
Other assets	2,467	2,416
	<b>\$ 1,054,145</b>	<b>\$ 1,008,785</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities:</b>		
Current maturities of long-term obligations	\$ 6,522	\$ 6,447
Accounts payable	46,566	41,180
Accrued liabilities	106,131	104,003
Accrued income taxes	14,429	2,437
<b>Total current liabilities</b>	<b>173,648</b>	<b>154,067</b>
Long-term obligations, net of current maturities	175,465	175,568
Deferred income taxes	52,249	52,115
<b>Commitments and contingencies (Note 9)</b>		
<b>Shareholders' equity:</b>		
Preferred stock, \$1.00 par value; 2,000,000 shares authorized; no shares issued and outstanding	—	—
Common Stock, \$0.10 par value; 30,000,000 shares authorized; 14,446,629 and 14,435,254 issued and outstanding, respectively	1,444	1,443
Class B Common Stock, \$0.10 par value; 20,000,000 shares authorized; 4,931,369 and 4,933,369 issued and outstanding, respectively.	493	493
Capital surplus	20,736	20,137
Retained earnings	628,149	605,262
Accumulated other comprehensive income (loss)	1,961	(300)
<b>Total shareholders' equity</b>	<b>652,783</b>	<b>627,035</b>
	<b>\$ 1,054,145</b>	<b>\$ 1,008,785</b>

(a) Derived from audited financial statements

The accompanying notes are an integral part of these  
Consolidated Financial Statements.

**UniFirst Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
*(Unaudited)*

<b>Thirteen weeks ended</b>	<b>November</b>	<b>November</b>
<b>(In thousands)</b>	<b>28,</b>	<b>29,</b>
	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 23,576	\$ 18,862
<b>Adjustments to reconcile net income to cash provided by operating activities:</b>		
Depreciation	12,839	11,513
Amortization of intangible assets	2,217	2,190
Amortization of deferred financing costs	67	67
Deferred income taxes	(35)	(52)
Stock-based compensation	359	205
Accretion on asset retirement obligations	142	127
<b>Changes in assets and liabilities, net of acquisitions:</b>		
Receivables	(11,741)	(10,827)
Inventories	4,510	(2,940)
Rental merchandise in service	(1,534)	2,474
Prepaid expenses	(2,088)	(3,568)
Accounts payable	5,229	(1,199)
Accrued liabilities	1,977	(187)
Accrued income taxes	11,992	9,296
Net cash provided by operating activities	<u>47,510</u>	<u>25,961</u>
<b>Cash flows from investing activities:</b>		
Acquisition of businesses, net of cash acquired	(12,206)	(1,519)
Capital expenditures	(15,796)	(20,532)
Other	(31)	117
Net cash used in investing activities	<u>(28,033)</u>	<u>(21,934)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term obligations	—	29,893
Payments on long-term obligations	(103)	(32,584)
Proceeds from exercise of Common Stock options	241	31
Payment of cash dividends	(689)	(687)
Net cash used in financing activities	<u>(551)</u>	<u>(3,347)</u>
Effect of exchange rate changes	<u>631</u>	<u>(2,227)</u>
Net increase (decrease) in cash and cash equivalents	19,557	(1,547)
Cash and cash equivalents at beginning of period	<u>60,151</u>	<u>25,655</u>
Cash and cash equivalents at end of period	<u>\$ 79,708</u>	<u>\$ 24,108</u>

The accompanying notes are an integral part of these  
Consolidated Financial Statements.

**UniFirst Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**1. Basis of Presentation**

These Consolidated Financial Statements of UniFirst Corporation (the “Company”) have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the information furnished reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim period. We have evaluated subsequent events through January 7, 2010, the date of this filing.

It is suggested that these Consolidated Financial Statements be read in conjunction with the financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended August 29, 2009. There have been no material changes in the accounting policies followed by the Company during the current fiscal year. Results for an interim period are not indicative of any future interim periods or for an entire fiscal year.

**2. Recent Accounting Pronouncements**

In December 2007, the FASB issued revised guidance for business combinations. The revised guidance changes how business acquisitions are accounted for and impacts financial statements both on the acquisition date and in subsequent periods. The Company adopted the revised guidance on August 30, 2009, and the adoption did not have a material impact on its Consolidated Financial Statements.

In April 2008, the FASB issued revised guidance on the useful lives of intangible assets. The revised guidance amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The intent of the revised guidance is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset under other US GAAP. The Company adopted the revised guidance on August 30, 2009, and the adoption did not have a material impact on its Consolidated Financial Statements.

In June 2008, the FASB issued revised guidance which clarifies whether instruments granted in share-based payment transactions are participating securities prior to vesting and therefore, need to be included in the earnings allocation in computing earnings per share (EPS). The Company adopted the revised guidance on August 30, 2009, and the adoption did not have a material impact on its Consolidated Financial Statements.

In June 2009, the FASB approved its Accounting Standards Codification, (the “Codification”), as the single source of authoritative United States accounting and reporting standards applicable for all non-governmental entities, with the exception of the SEC and its staff. The Codification, which changes the referencing of financial standards, is effective for interim or annual financial periods ending after September 15, 2009. Therefore, starting in the Company’s first quarter of fiscal 2010, any references made to US GAAP will use the new Codification numbering system prescribed by the FASB. The Codification was not intended to change or alter existing US GAAP and, as a result, it did not have any impact on the Company’s Consolidated Financial Statements.

**3. Acquisitions**

During the thirteen weeks ended November 28, 2009, the Company completed three acquisitions with an aggregate purchase price of approximately \$12.2 million. The results of operations of these acquisitions have been included in the Company’s consolidated financial results since their respective acquisition dates. None of these acquisitions was significant in relation to the Company’s consolidated financial results and, therefore, pro forma financial information has not been presented.

**4. Fair Value Measurements**

US GAAP establishes a framework for measuring fair value and establishes disclosure requirements about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We considered non-performance risk when determining fair value of our derivative financial instruments. The fair value hierarchy prescribed under US GAAP contains three levels as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

All financial assets or liabilities that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. The assets or liabilities measured at fair value on a recurring basis are summarized in the table below (in thousands):

	As of November 28, 2009			Fair Value
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Cash Equivalents	\$ 66,875	—	—	\$ 66,875
Total	\$ 66,875	—	—	\$ 66,875

<b>Liabilities:</b>				
Derivative Instruments	\$	—	3,531	— \$ 3,531
Total	\$	—	3,531	— \$ 3,531

## 5. Derivative Instruments and Hedging Activities

All derivative financial instruments are recognized at fair value and are recorded in the accrued liabilities line item in the Company's Consolidated Balance Sheets. In January 2008, the Company entered into an interest rate swap agreement to manage its exposure to interest rate movements and the related effect on its variable rate debt. The Company concluded that the interest rate swap met the criteria to qualify as a cash flow hedge under US GAAP. Accordingly, the Company has reflected all changes in the fair value of the swap agreement in accumulated other comprehensive income (loss), a component of shareholders' equity. The swap agreement, with a notional amount of \$100.0 million, matures on March 14, 2011. The Company pays a fixed rate of 3.51% and receives a variable rate tied to the three month LIBOR rate.

As of November 28, 2009, the Company had recorded the fair value of the interest rate swap of \$3.5 million in accrued liabilities and a corresponding loss of \$2.2 million in accumulated other comprehensive income (loss), which was net of the associated tax benefit. As of August 29, 2009, the amounts recorded in accrued liabilities and other comprehensive income were \$3.6 million and \$2.2 million, respectively. Of the \$2.2 million loss deferred in accumulated other comprehensive income (loss) as of November 28, 2009, a \$1.8 million loss is expected to be reclassified to interest expense in the next twelve months.

The Company has recorded any realized gains or losses from its interest rate swap as an adjustment to interest expense in its Consolidated Statements of Income. For the thirteen weeks ended November 28, 2009 and November 29, 2008, the Company reclassified a loss from accumulated other comprehensive income (loss) into interest expense totaling \$0.7 million and \$0.2 million, respectively.

## 6. Employee Benefit Plans

### *Defined Contribution Retirement Savings Plan*

The Company has a defined contribution retirement savings 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 for the thirteen weeks ended November 28, 2009 and November 29, 2008 were \$2.7 million and \$2.8 million, respectively.

### *Pension Plans and Supplemental Executive Retirement Plans*

The Company maintains an unfunded Supplemental Executive Retirement Plan for certain eligible employees of the Company, a non-contributory defined benefit pension plan covering union employees at one of its locations, and a frozen pension plan the Company assumed in connection with its acquisition of Textilease Corporation in fiscal 2004. The amounts charged to expense related to these plans for the thirteen weeks ended November 28, 2009 and November 29, 2008 were \$0.5 million and \$0.4 million, respectively.

## 7. Net Income Per Share

As described in Note 2, *Recent Accounting Pronouncements*, the Company adopted revised guidance on August 30, 2009 which clarifies whether instruments granted in share-based payment transactions are participating securities prior to vesting and therefore need to be included in the earnings allocation in computing earnings per share. This adoption did not have an impact on the basic and diluted earnings per share for the three months ended November 28, 2009. The following table sets forth the computation of basic and diluted earnings per share using the two-class method for amounts attributable to the Company's shares of Common Stock and Class B Common Stock (in thousands):

	<b>November 28, 2009</b>	<b>November 29, 2008</b>
<b>Thirteen weeks ended</b>		
Net income available to shareholders	\$ 23,576	\$ 18,862
Allocation of net income for Basic:		
Common Stock	\$ 18,516	\$ 14,801
Class B Common Stock	5,060	4,061
	\$ 23,576	\$ 18,862

The diluted earnings per share calculation assumes the conversion of all of the Company's Class B Common Stock into Common Stock, so no allocation of earnings to Class B Common Stock is required.

The following table illustrates the weighted average number of shares of Common Stock and Class B Common Stock shares outstanding during the thirteen weeks ended November 28, 2009 and November 29, 2008 and is utilized in the calculation of earnings per share (in thousands):

	<b>November 28, 2009</b>	<b>November 29, 2008</b>
<b>Thirteen weeks ended</b>		
Weighted average number of Common Stock -- basic	14,440	14,390
Add: effect of potentially dilutive Common Stock -- Common Stock options	62	37
Add: assumed conversion of Class B Common Stock into Common Stock	4,932	4,935
Weighted average number of Common Stock -- diluted	19,434	19,362

Total shares of Common Stock of 119,300 and 213,800 issuable upon exercise of outstanding stock options for the thirteen weeks ended November 28, 2009 and November 29, 2008, respectively, were excluded from the calculation of diluted earnings per share because they were anti-dilutive.

## 8. Asset Retirement Obligations

The Company recognizes asset retirement obligations in the period in which they are incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The Company continues to depreciate, on a straight-line basis, the amount added to property, plant and equipment and recognizes accretion expense in connection with the discounted liability over the various remaining lives which range from approximately one to thirty-four years.

A reconciliation of the Company's asset retirement liability is as follows (in thousands):

	<b>November 28, 2009</b>
Beginning balance as of August 29, 2009	\$ 8,584
Accretion expense	142
Ending balance as of November 28, 2009	\$ 8,726

As of November 28, 2009, the \$8.7 million asset retirement obligation is included in accrued liabilities in the accompanying Consolidated Balance Sheet.

## 9. Commitments and 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, and, in the past used perchloroethylene and other dry cleaning solvents. 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.

US GAAP requires 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 in its consideration of the relevant facts and circumstances before recording a contingent liability. Changes in enacted laws, regulatory orders or decrees, management's estimates of costs, insurance proceeds, participation by other parties, the timing of payments and the input of outside consultants and attorneys based on changing legal or factual circumstances could have a material impact on the amounts recorded for environmental and other contingent liabilities.

Under environmental laws, an owner or lessee of real estate may be liable for the costs 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, Somerville, Massachusetts, Springfield, Massachusetts, Uvalde, Texas, Stockton, California, three sites related to former operations in Williamstown, Vermont, as well as a number of additional locations that it acquired as part of its acquisition of Textilease Corporation in September 2003.

The Company has accrued certain costs related to the sites described above as it has been determined that the costs are probable and can be reasonably estimated. The Company continues to implement mitigation measures and to monitor environmental conditions at the Somerville, Massachusetts site. The Company also has potential exposure related to an additional parcel of land (the "Central Area") related to the Woburn, Massachusetts site discussed above. Currently, the consent decree for the Woburn site does not define or require any remediation work in the Central Area. Recently, the United States Environmental Protection Agency (the "EPA") commented on the design and implementation of groundwater and soil remedies at the Woburn site and investigation of environmental conditions in the Central Area. The Company met with EPA to discuss its comments, and the Company and another signatory to the consent decree subsequently submitted draft work plans to perform additional environmental investigations. EPA has reviewed those work plans, and the Company is continuing to work with EPA to address its proposed revisions. The Company has accrued costs to perform certain work responsive to EPA's comments.

The Company routinely reviews and evaluates sites that may require remediation and monitoring and determines its estimated costs based on various estimates and assumptions. These estimates are developed using its internal sources or by third party environmental engineers or other service providers. Internally developed estimates are based on:

- Management's judgment and experience in remediating and monitoring the Company's sites;
- Information available from regulatory agencies as to costs of remediation and monitoring;
- The number, financial resources and relative degree of responsibility of other potentially responsible parties (PRPs) who may be liable for remediation and monitoring of a specific site; and



- The typical allocation of costs among PRPs.

There is usually a range of reasonable estimates of the costs associated with each site. The Company's accruals reflect the amount within the range that constitutes its best estimate. Where it believes that both the amount of a particular liability and the timing of the payments are reliably determinable, the Company adjusts the cost in current dollars using a rate of 3% for inflation until the time of expected payment and discounts the cost to present value using risk-free rates of interest ranging from 3.5% to 4.2%.

For environmental liabilities that have been discounted, the Company includes interest accretion, based on the effective interest method, in selling and administrative expenses on the Consolidated Statements of Income. The changes to the Company's environmental liabilities for the thirteen weeks ended November 28, 2009 are as follows (in thousands):

	<b>November 28, 2009</b>
Beginning balance as of August 29, 2009	\$ 19,384
Costs incurred for which reserves have been provided	(691)
Insurance proceeds received	53
Interest accretion	198
Balance as of November 28, 2009	<u>\$ 18,944</u>

Anticipated payments and insurance proceeds of currently identified environmental remediation liabilities as of November 28, 2009, for the next five fiscal years and thereafter, as measured in current dollars, are reflected below (in thousands).

<b>Fiscal year ended August</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Thereafter</b>	<b>Total</b>
Estimated costs – current dollars	\$ 4,491	2,616	2,027	963	920	13,636	24,653
Estimated insurance proceeds	(277)	(158)	(180)	(150)	(180)	(2,175)	(3,120)
Net anticipated costs	<u>\$ 4,214</u>	<u>2,458</u>	<u>1,847</u>	<u>813</u>	<u>740</u>	<u>11,461</u>	<u>21,533</u>
Effect of Inflation							7,778
Effect of Discounting							<u>(10,367)</u>
Balance as of November 28, 2009							<u>18,944</u>

Estimated insurance proceeds are primarily received from an annuity received as part of a legal settlement with an insurance company. Annual proceeds of approximately \$0.3 million are deposited into an escrow account which funds remediation and monitoring costs for three sites related to former operations in Williamstown, Vermont. Annual proceeds received but not expended in the current year accumulate in this account and may be used in future years for costs related to this site through the year 2027. As of November 28, 2009, the balance in this escrow account, which is held in a trust and is not recorded on the Company's Consolidated Balance Sheet, was approximately \$2.8 million. Also included in estimated insurance proceeds are amounts the Company is entitled to receive pursuant to legal settlements as reimbursements from three insurance companies for estimated costs at the site in Uvalde, Texas.

The Company's nuclear garment decontamination facilities are licensed by the Nuclear Regulatory Commission ("NRC"), or, in certain cases, by the applicable state agency, and are subject to regulation by federal, state and local authorities. There can be no assurance that such regulation will not lead to material disruptions in the Company's garment decontamination business.

From time to time, the Company is also subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to charges for certain ancillary services on invoices, 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 and environmental contingencies, 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 and/or results of operations of the Company. It is possible, however, that future financial position or results of operations for any particular period could be materially affected by changes in the Company's assumptions or strategies related to these contingencies or changes out of the Company's control.

## 10. Income Taxes

The Company's effective income tax rate was 39.5% for the thirteen weeks ended November 28, 2009 as compared to 39.7% for the thirteen weeks ended November 29, 2008. The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense which is consistent with the recognition of these items in prior reporting periods. During the thirteen weeks ended November 28, 2009, there were no material changes in the amount of unrecognized tax benefits or the amount accrued for interest and penalties.

All U.S. and Canadian federal income tax examinations have substantially concluded through fiscal years 2004 and 2001, respectively. With a few exceptions, the Company is no longer subject to state and local income tax examinations for periods prior to fiscal 2003. The Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change significantly in the next 12 months.

## 11. Long-Term Obligations

The Company has a \$225.0 million unsecured revolving credit agreement (“Credit Agreement”) with a syndicate of banks, which matures on September 13, 2011. Under the Credit Agreement, the Company is able to borrow funds at variable interest rates based on the Eurodollar rate or the bank’s prime rate, as selected by the Company. Availability of credit requires compliance with certain financial and other covenants, including a maximum funded debt ratio and minimum interest coverage as defined in the Credit Agreement. The Company generally tests its compliance with these financial covenants on a fiscal quarterly basis. At November 28, 2009, the interest rates applicable to the Company’s borrowings under the Credit Agreement would be calculated as LIBOR plus 50 basis points at the time of the respective borrowing. As of November 28, 2009, the Company had no outstanding borrowings, letters of credit of \$38.8 million and \$186.2 million available for borrowing under the Credit Agreement.

On June 14, 2004, the Company issued \$75.0 million of fixed rate notes pursuant to a Note Purchase Agreement (“2004 Note Agreement”) with a seven year term (June 2011) and bearing interest at 5.27%. The Company also issued \$90.0 million of floating rate notes which were repaid in September 2005 and September 2006.

On September 14, 2006, the Company issued \$100.0 million of floating rates notes (“Floating Rate Notes”) pursuant to a Note Purchase Agreement (“2006 Note Agreement”). The Floating Rate Notes mature on September 14, 2013, bear interest at LIBOR plus 50 basis points and may be repaid at face value two years from the date of issuance. The proceeds from the issuance of the Floating Rate Notes were used to first repay the outstanding floating rate notes under the 2004 Note Agreement in the amount of \$75.0 million and then to pay down outstanding amounts under the Credit Agreement.

As of November 28, 2009, the Company was in compliance with all covenants under the 2004 Note Agreement, 2006 Note Agreement and the Credit Agreement.

## 12. Comprehensive Income

The components of comprehensive income are as follows (in thousands):

Thirteen weeks ended	November 28, 2009	November 29, 2008
Net income	\$ 23,576	\$ 18,862
Other comprehensive income:		
Foreign currency translation adjustments	2,214	(10,675)
Pension-related	—	(473)
Interest rate swap	47	(1,792)
Comprehensive income	\$ 25,837	\$ 5,922

## 13. Segment Reporting

Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision-maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company’s chief operating decision maker is the Company’s chief executive officer. The Company has six operating segments based on the information reviewed by its chief executive officer; US Rental and Cleaning, Canadian Rental and Cleaning, Manufacturing (MFG), Corporate, Specialty Garments Rental and Cleaning (Specialty Garments) and First Aid. The US Rental and Cleaning and Canadian Rental and Cleaning operating segments have been combined to form the US and Canadian Rental and Cleaning reporting segment, and as a result, the Company has five reporting segments.

The US and Canadian Rental and Cleaning reporting segment purchases, rents, cleans, delivers and sells, uniforms and protective clothing and non-garment items in the United States and Canada. The laundry locations of the US and Canadian Rental and Cleaning reporting segment are referred to by the Company as “industrial laundries” or “industrial laundry locations.”

The MFG operating segment designs and manufactures uniforms and non-garment items solely for the purpose of providing these goods to the US and Canadian Rental and Cleaning reporting segment. MFG revenues are generated when goods are shipped from the Company’s manufacturing facilities to other Company locations. These revenues are recorded at a transfer price which is typically in excess of the actual manufacturing cost. The transfer price is determined by management and may not necessarily represent the fair value of the products manufactured. Products are carried in inventory and subsequently placed in service and amortized at this transfer price. On a consolidated basis, intercompany revenues and income are eliminated and the carrying value of inventories and rental merchandise in service is reduced to the manufacturing cost. Income before income taxes from MFG net of the intercompany MFG elimination offsets the merchandise amortization costs incurred by the US and Canadian Rental and Cleaning reporting segment as the merchandise costs of this reporting segment are amortized and recognized based on inventories purchased from MFG at the transfer price which is above the Company’s manufacturing cost.

The Corporate operating segment consists of costs associated with the Company’s distribution center, sales and marketing, information systems, engineering, materials management, manufacturing planning, finance, budgeting, human resources, other general and administrative costs and interest expense. The revenues generated from the Corporate operating segment represent certain direct sales made by the Company directly from its distribution center. The products sold by this operating segment are the same products rented and sold by the US and Canadian Rental and Cleaning reporting segment. In the table below, no assets or capital expenditures are presented for the Corporate operating segment because no assets are allocated to this operating segment in the information reviewed by the chief executive officer. However, depreciation and amortization expense related to certain assets are reflected in income from operations and income before income taxes for the Corporate operating segment. The assets that give rise to this depreciation and amortization are included in the total assets of the US and Canadian Rental and Cleaning reporting segment as this is how they are tracked and reviewed by the Company. The majority of expenses accounted for within the Corporate segment relate to costs of the US and Canadian Rental and Cleaning segment, with the remainder of the costs relating to the Specialty Garment and First Aid segments.

The Specialty Garments operating segment purchases, rents, cleans, delivers and sells, specialty garments and non-garment items primarily for nuclear and cleanroom applications. The First Aid operating segment sells first aid cabinet services and other safety supplies.

The Company refers to the US and Canadian Rental and Cleaning, MFG, and Corporate reporting segments combined as its “core laundry operations,” which is included as a subtotal in the following table (in thousands):

Thirteen weeks ended	US and Canadian		Net Interco MFG Elim	Corporate	Subtotal Core Laundry Operations			Specialty Garments	First Aid	Total
	Rental and Cleaning	MFG			Laundry Operations	Specialty Garments	First Aid			
<b>November 28, 2009</b>										
Revenues	\$ 223,879	\$ 20,380	\$ (20,380)	\$ 1,907	\$ 225,786	\$ 22,877	\$ 7,516	\$ 256,179		
Income (loss) from operations	\$ 41,491	\$ 8,341	\$ (1,262)	\$ (13,178)	\$ 35,392	\$ 4,613	\$ 422	\$ 40,427		
Interest (income) expense, net	\$ (467)	\$ —	\$ —	\$ 2,127	\$ 1,660	\$ —	\$ —	\$ 1,660		
Income (loss) before taxes	\$ 41,962	\$ 8,276	\$ (1,262)	\$ (15,294)	\$ 33,682	\$ 4,864	\$ 422	\$ 38,968		
<b>November 29, 2008</b>										
Revenues	\$ 235,350	\$ 26,460	\$ (26,460)	\$ 2,154	\$ 237,504	\$ 17,741	\$ 7,309	\$ 262,554		
Income (loss) from operations	\$ 41,224	\$ 9,273	\$ (1,466)	\$ (16,427)	\$ 32,604	\$ 1,747	\$ (50)	\$ 34,301		
Interest (income) expense, net	\$ (500)	\$ —	\$ —	\$ 2,587	\$ 2,087	\$ —	\$ —	\$ 2,087		
Income (loss) before taxes	\$ 41,730	\$ 9,603	\$ (1,466)	\$ (19,241)	\$ 30,626	\$ 704	\$ (50)	\$ 31,280		

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### SAFE HARBOR FOR FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and any documents incorporated by reference contain forward looking statements within the meaning of the federal securities laws. Forward looking statements contained in this Quarterly Report on Form 10-Q and any documents incorporated by reference are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Forward looking statements may be identified by words such as “estimates,” “anticipates,” “projects,” “plans,” “expects,” “intends,” “believes,” “seeks,” “could,” “should,” “may,” “will,” or the negative versions thereof, and similar expressions and by the context in which they are used. Such forward looking statements are based upon our current expectations and speak only as of the date made. Such statements are highly dependent upon a variety of risks, uncertainties and other important factors that could cause actual results to differ materially from those reflected in such forward looking statements. Such factors include, but are not limited to, uncertainties regarding our ability to consummate and successfully integrate acquired businesses, uncertainties regarding any existing or newly-discovered expenses and liabilities related to environmental compliance and remediation, our ability to compete successfully without any significant degradation in our margin rates, seasonal fluctuations in business levels, uncertainties regarding the price levels of natural gas, electricity, fuel and labor, the impact of negative economic conditions on our customers and such customers’ workforce, the continuing increase in domestic healthcare costs, demand and prices for our products and services, additional professional and internal costs necessary for compliance with recent and proposed future changes in Securities and Exchange Commission (including the Sarbanes-Oxley Act of 2002), New York Stock Exchange and accounting rules, strikes and unemployment levels, our efforts to evaluate and potentially reduce internal costs, economic and other developments associated with the war on terrorism and its impact on the economy, general economic conditions and other factors described under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended August 29, 2009 and in other filings with the Securities and Exchange Commission. We undertake no obligation to update any forward looking statements to reflect events or circumstances arising after the date on which such statements are made.

### Business Overview

UniFirst Corporation, together with its subsidiaries, hereunder referred to as “we”, “our”, the “Company”, or “UniFirst”, is one of the largest providers of workplace uniforms and protective clothing in the United States. We design, manufacture, personalize, rent, clean, deliver, and sell a wide range of uniforms and protective clothing, including shirts, pants, jackets, coveralls, lab coats, smocks, aprons and specialized protective wear, such as flame resistant and high visibility garments. We also rent industrial wiping products, floor mats, facility service products and other non-garment items, and provide first aid cabinet services and other safety supplies, to a variety of manufacturers, retailers and service companies.

We serve businesses of all sizes in numerous industry categories. Typical customers include automobile service centers and dealers, delivery services, food and general merchandise retailers, food processors and service operations, light manufacturers, maintenance facilities, restaurants, service companies, soft and durable goods wholesalers, transportation companies, and others who require employee clothing for image, identification, protection or utility purposes. We also provide our customers with restroom supplies, including air fresheners, paper products and hand soaps.

At certain specialized facilities, we also decontaminate and clean work clothes that may have been exposed to radioactive materials and service special cleanroom protective wear. Typical customers for these specialized services include government agencies, research and development laboratories, high technology companies and utilities operating nuclear reactors.

We continue to expand into additional geographic markets through acquisitions and organic growth. We currently service over 200,000 customer locations in the United States, Canada and Europe from approximately 200 customer service, distribution and manufacturing facilities.

As discussed and described in Note 13 to the Consolidated Financial Statements, we have five reporting segments: US and Canadian Rental and Cleaning, Manufacturing (“MFG”), Corporate, Specialty Garments Rental and Cleaning (“Specialty Garments”) and First Aid. We refer to the laundry locations of the US and Canadian Rental and Cleaning reporting segment as “industrial laundries” or “industrial laundry locations”, and to the US and Canadian Rental and Cleaning, MFG, and Corporate reporting segments combined as our “core laundry operations.”

### Critical Accounting Policies and Estimates

The discussion of the financial condition and results of operations is based upon the Consolidated Financial Statements, which have been prepared in conformity with United States generally accepted accounting principles (“US GAAP”). As such, management is required to make certain estimates, judgments and assumptions that are believed to be reasonable based on the information available. These estimates and assumptions affect the reported amount of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, the most important and pervasive accounting policies used and areas most sensitive to material changes from external factors. See Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended August 29, 2009 for additional discussion of the application of these and other accounting policies.

### Results of Operations

The amounts of revenues and certain expense items for the thirteen weeks ended November 28, 2009 and November 29, 2008, and the percentage changes in revenues and certain expense items as a percentage of total revenues between these periods, are presented in the following table. Cost of revenues presented in the table below include merchandise costs related to the amortization of rental merchandise in service and direct sales as well as labor and other production, service and delivery costs associated with operating our industrial laundries, Specialty Garments facilities, First Aid locations and our distribution center. Selling and administrative costs include costs related to our sales and marketing functions, as well as general and administrative costs associated with our corporate offices and operating locations including information systems, engineering, materials management, manufacturing planning, finance, budgeting, and human resources.

	Thirteen weeks ended				
	November 28, 2009	% of Revenues	November 29, 2008	% of Revenues	% Change
<i>(In thousands, except percentages)</i>					
Revenues	\$ 256,179	100.0%	\$ 262,554	100.0%	-2.4%
Operating expenses:					
Cost of revenues (1)	149,224	58.2	157,063	59.8	-5.0
Selling and administrative expenses (1)	51,472	20.1	57,487	21.9	-10.5
Depreciation and amortization	15,056	5.9	13,703	5.2	9.9
Total operating expenses	215,752	84.2	228,253	86.9	-5.5
Income from operations	40,427	15.8	34,301	13.1	17.9
Other expense (income)	1,459	0.6	3,021	1.2	-51.7
Income before income taxes	38,968	15.2	31,280	11.9	24.6
Provision for income taxes	15,392	6.0	12,418	4.7	23.9
Net income	\$ 23,576	9.2%	\$ 18,862	7.2%	25.0%

(1) Exclusive of depreciation on our property, plant and equipment and amortization on our intangible assets.

The current worldwide economic weakness may negatively impact our revenues and operating performance during fiscal 2010 due to the impact on spending plans and employment levels of our customers and sales prospects. Throughout fiscal 2009, U.S. unemployment rates continued to rise, which impacted our broad customer base. Lost accounts have increased, and may continue to increase, as we continue to see a larger number of accounts going out of business or in financial distress.

### General

We derive our revenues through the design, manufacture, personalization, rental, cleaning, delivering, and selling of a wide range of uniforms and protective clothing, including shirts, pants, jackets, coveralls, lab coats, smocks and aprons and specialized protective wear, such as flame resistant and high visibility garments. We also rent industrial wiping products, floor mats, facility service products, other non-garment items, and provide first aid cabinet services and other safety supplies, to a variety of manufacturers, retailers and service companies.

### Thirteen Weeks Ended November 28, 2009 Compared with Thirteen Weeks Ended November 29, 2008

#### Revenues

	November 28, 2009	November 29, 2008	Dollar Change	Percent Change
	<i>(In thousands, except percentages)</i>			

Core Laundry Operations	\$ 225,786	\$ 237,504	\$ (11,718)	-4.9%
Specialty Garments	22,877	17,741	5,136	29.0
First Aid	7,516	7,309	207	2.8
Consolidated total	\$ 256,179	\$ 262,554	\$ (6,375)	-2.4%

For the thirteen weeks ended November 28, 2009, our consolidated revenues decreased by \$6.4 million from the comparable period in fiscal 2009, or 2.4%. The consolidated decrease was primarily driven by an \$11.7 million decrease in revenues from our core laundry operations. Core laundry operations' revenue decreased to \$225.8 million for the thirteen weeks ended November 28, 2009 from \$237.5 million for the comparable period of fiscal 2009, or 4.9%. This decrease was attributable to a decline in organic growth (which is net of the impact of acquisitions and changes in foreign currency) of 6.0%, which was partially offset by an increase from the effect of foreign exchange rate fluctuations on our Canadian revenues of 0.5% and acquisition-related growth of 0.6%. Organic growth is comprised of new sales, additions to our existing customer base and price increases offset by lost accounts and reductions to our existing customer base. The negative organic growth rate of 6.0% for the first quarter of fiscal 2010 is primarily due to the high rate of wearer reductions in our existing customer base throughout fiscal 2009. Throughout fiscal 2009, the deteriorating worldwide economic conditions resulted in increased domestic layoffs, which were reflected in the reduction of wearers throughout our broad customer base. Lost accounts also increased as we saw a larger number of accounts either go out of business or in financial distress.

Specialty Garments' revenues increased to \$22.9 million in the first quarter of 2010 from \$17.7 million in the comparable period of 2009, an increase of 29.0%. The increase in the quarterly revenues was primarily related to the timing of our customer's power reactor outages in the U.S. and Canadian markets.

#### *Cost of Revenues*

Cost of revenues decreased from \$157.1 million, or 59.8% of revenues, for the thirteen weeks ended November 29, 2008, to \$149.2 million, or 58.2% of revenues, for the thirteen weeks ended November 28, 2009. This decrease was primarily driven by lower merchandise costs in our core laundry operations as well as lower fuel costs associated with operating our fleet of delivery trucks and lower natural gas costs for our industrial laundries. As a result of headcount reductions during fiscal 2009, there was also a decrease in payroll costs. These benefits were partially offset by higher healthcare costs.

#### *Selling and Administrative Expense*

Our selling and administrative expenses decreased from \$57.5 million, or 21.9% of revenues, for the thirteen weeks ended November 29, 2008 to \$51.5 million, or 20.1% of revenues, for the thirteen weeks ended November 28, 2009. This decrease was primarily due to a decrease in payroll and payroll-related costs, as a result of headcount reductions in fiscal 2009, and reduced travel and other administrative costs from our continued focus on controlling expenses. In addition, the selling and administrative expense comparison benefitted from a \$1.6 million accounting charge we recorded in the thirteen weeks ended November 29, 2008 related to the effect of discount rate fluctuations on our environmental accruals. These benefits were partially offset by higher healthcare costs.

#### *Depreciation and Amortization*

Our depreciation and amortization expense increased to \$15.1 million for the thirteen weeks ended November 28, 2009 from \$13.7 million for the thirteen weeks ended November 29, 2008. The increase in depreciation and amortization expense was due to capital expenditures and acquisition activity that occurred within the last twelve months.

#### *Income from Operations*

For the thirteen weeks ended November 28, 2009 and November 29, 2008, the revenue growth in our core laundry operations, as well as the change in our cost of revenues, discussed above, resulted in the following changes in our income from operations:

	November 28, 2009	November 29, 2008	Dollar Change	Percent Change
(In thousands, except percentages)				
Core Laundry Operations	\$ 35,392	\$ 32,604	\$ 2,788	8.6%
Specialty Garments	4,613	1,747	2,866	164.0
First Aid	422	(50)	472	943.0
Consolidated total	\$ 40,427	\$ 34,301	\$ 6,126	17.9%

#### *Other Expense (income)*

Other expense (income), which includes interest expense, interest income and foreign currency exchange (gain) loss, decreased as a percentage of revenues from 1.2%, or \$3.0 million, for the thirteen weeks ended November 29, 2008 to 0.6%, or \$1.5 million, for the thirteen weeks ended November 28, 2009. This decrease was due to favorable foreign currency fluctuations during the thirteen weeks ended November 28, 2009 resulting in a gain of \$0.2 million, as compared to a foreign currency exchange loss of \$0.9 million in the comparable period of fiscal 2009. Interest expense decreased to \$2.2 million for the thirteen weeks ended November 28, 2009 from \$2.6 million for the thirteen weeks ended November 29, 2008. The decrease in interest expense was attributable to lower average debt outstanding. For the thirteen weeks ended November 28, 2009, the average debt outstanding was \$182.0 million, as compared to \$232.1 million during the thirteen weeks ended November 29, 2008.

#### *Provision for Income Taxes*

Our effective income tax rate was 39.5% for the thirteen weeks ended November 28, 2009, as compared to 39.7% for the thirteen weeks ended November 29, 2008.

## Liquidity and Capital Resources

### *General*

As of November 28, 2009, we had cash and cash equivalents of \$79.7 million and working capital of \$161.7 million. We believe that current cash and cash equivalent balances, cash generated from operations and amounts available under our Credit Agreement (defined below) will be sufficient to meet our currently anticipated working capital and capital expenditure requirements for at least the next 12 months.

### *Sources and Uses of Cash*

During the thirteen weeks ended November 28, 2009, we generated cash from operating activities of \$47.5 million, resulting primarily from net income of \$23.6 million, amounts charged for depreciation and amortization of \$15.1 million, decreases in inventories of \$4.5 million, increases in accounts payable and accrued expenses of \$7.2 million and increases in accrued and deferred income taxes of \$12.0 million. These inflows were partially offset by increases in accounts receivable of \$11.7 million, rental merchandise in service of \$1.5 million and prepaid expenses of \$2.1 million. We used our cash to, among other things, fund \$15.8 million in capital expenditures and fund the acquisitions of businesses in the amount of approximately \$12.2 million.

### *Long-Term Debt and Borrowing Capacity*

We have a \$225.0 million unsecured revolving credit agreement (“Credit Agreement”) with a syndicate of banks, which matures on September 13, 2011. Under the Credit Agreement, we can borrow funds at variable interest rates based on the Eurodollar rate or the bank’s prime rate, as selected by us. Availability of credit requires our compliance with certain financial and other covenants, including a maximum funded debt ratio and minimum interest coverage as defined in the Credit Agreement. We generally test our compliance with these financial covenants on a fiscal quarterly basis. At November 28, 2009, the interest rates applicable to our borrowings under the Credit Agreement would be calculated as LIBOR plus 50 basis points at the time of the respective borrowing. As of November 28, 2009, we had no outstanding borrowings, letters of credit amounting to \$38.8 million and \$186.2 million available for borrowing under the Credit Agreement.

On June 14, 2004, we issued \$75.0 million of fixed rate notes pursuant to a Note Purchase Agreement (“2004 Note Agreement”) with a seven year term (June 2011) and bearing interest at 5.27%. We also issued \$90.0 million of floating rate notes which were repaid in September 2005 and September 2006.

On September 14, 2006, we issued \$100.0 million of floating rates notes (“Floating Rate Notes”) pursuant to a Note Purchase Agreement (“2006 Note Agreement”). The Floating Rate Notes mature on September 14, 2013, bear interest at LIBOR plus 50 basis points and may be repaid at face value two years from the date of issuance. The proceeds from the issuance of the 2006 Floating Rate Notes were used to first repay the \$75.0 million of outstanding Floating Rate Notes and then to pay down outstanding amounts under the Credit Agreement.

As of November 28, 2009, we were in compliance with all covenants under the 2004 Note Agreement, 2006 Note Agreement and the Credit Agreement.

In January 2008, we entered into an interest rate swap agreement to manage our exposure to interest rate movements and the related effect on our variable rate debt. The swap agreement, with a notional amount of \$100.0 million, matures on March 14, 2011. We pay a fixed rate of 3.51% and receive a variable rate tied to the three month LIBOR rate. We have accounted for this instrument as a cash flow hedge under US GAAP and, as a result, have recorded all changes in the fair value of the swap agreement in accumulated other comprehensive income, a component of shareholders’ equity. For additional information regarding the interest rate swap, see Note 5 to the Consolidated Financial Statements.

### *Commitments and Contingencies*

We 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 wastes and other substances. In particular, industrial laundries currently use and must dispose of detergent waste water and other residues, and, in the past, used perchloroethylene and other dry cleaning solvents. We are attentive to the environmental concerns surrounding the disposal of these materials and have, through the years, taken measures to avoid their improper disposal. Over the years, we have settled, or contributed to the settlement of, actions or claims brought against us relating to the disposal of hazardous materials and there can be no assurance that we will not have to expend material amounts to remediate the consequences of any such disposal in the future.

US GAAP requires 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. We regularly consult with attorneys and outside consultants in our consideration of the relevant facts and circumstances before recording a contingent liability. Changes in enacted laws, regulatory orders or decrees, management’s estimates of costs, insurance proceeds, participation by other parties, the timing of payments and the input of outside consultants and attorneys based on changing legal or factual circumstances could have a material impact on the amounts recorded for environmental and other contingent liabilities.

Under environmental laws, an owner or lessee of real estate may be liable for the costs 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 our Company under such laws or expose our Company to third party actions such as tort suits. We continue 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, Somerville, Massachusetts, Springfield, Massachusetts, Uvalde, Texas, Stockton, California, three sites in Williamstown, Vermont, as well as a number of additional locations that we acquired as part of our acquisition of Textilease Corporation in September 2003.

We have accrued certain costs related to the sites described above as it has been determined that the costs are probable and can be reasonably estimated. We continue to implement mitigation measures and to monitor environmental conditions at the Somerville, Massachusetts site. We also have potential exposure related to an additional parcel of land (the “Central Area”) related to the Woburn, Massachusetts site discussed above. Currently, the consent decree for the Woburn site does not define or require any remediation work in the Central Area. Recently, the United States Environmental Protection Agency (the “EPA”)

commented on the design and implementation of groundwater and soil remedies at the Woburn site and investigation of environmental conditions in the Central Area. We met with EPA to discuss its comments, and we and another signatory to the consent decree subsequently submitted draft work plans to perform additional environmental investigations. EPA has reviewed those work plans, and we are continuing to work with EPA to address its proposed revisions. We have accrued costs to perform certain work responsive to EPA's comments.

We routinely review and evaluate sites that may require remediation and monitoring and determine our estimated costs based on various estimates and assumptions. These estimates are developed using our internal sources or by third-party environmental engineers or other service providers. Internally developed estimates are based on:

- Management's judgment and experience in remediating and monitoring our sites;
- Information available from regulatory agencies as to costs of remediation and monitoring;
- The number, financial resources and relative degree of responsibility of other potentially responsible parties (PRPs) who may be liable for remediation and monitoring of a specific site; and
- The typical allocation of costs among PRPs.

There is usually a range of reasonable estimates of the costs associated with each site. We generally use the amount within the range that constitutes our best estimate. When we believe that both the amount of a particular liability and the timing of the payments are reliably determinable, we adjust the cost in current dollars using a rate of 3% for inflation until the time of expected payment and discount the cost to present value using risk-free interest rates ranging from 3.5% to 4.2%.

For environmental liabilities that have been discounted, we include interest accretion, based on the effective interest method, in cost of revenues on the Consolidated Statements of Income. The changes to the amounts of our environmental liabilities for the thirteen weeks ended November 28, 2009 are as follows (in thousands):

	<b>November 28, 2009</b>
Beginning balance as of August 29, 2009	\$ 19,384
Costs incurred for which reserves have been provided	(691)
Insurance proceeds received	53
Interest accretion	198
Balance as of November 28, 2009	<u>\$ 18,944</u>

Anticipated payments and insurance proceeds relating to currently identified environmental remediation liabilities as of November 28, 2009, for the next five fiscal years and thereafter, as measured in current dollars, are reflected below (in thousands).

<b>Fiscal year ended August</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Thereafter</b>	<b>Total</b>
Estimated costs – current dollars	\$ 4,491	2,616	2,027	963	920	13,636	24,653
Estimated insurance proceeds	(277)	(158)	(180)	(150)	(180)	(2,175)	(3,120)
Net anticipated costs	<u>\$ 4,214</u>	<u>2,458</u>	<u>1,847</u>	<u>813</u>	<u>740</u>	<u>11,461</u>	<u>21,533</u>
Effect of Inflation							7,778
Effect of Discounting							<u>(10,367)</u>
Balance as of November 28, 2009							<u>18,944</u>

Estimated insurance proceeds are primarily received from an annuity received as part of our legal settlement with an insurance company. Annual proceeds of approximately \$0.3 million are deposited into an escrow account which funds remediation and monitoring costs for three sites related to our former operations in Williamstown, Vermont. Annual proceeds received but not expended in the current year accumulate in this account and may be used in future years for costs related to this site through the year 2027. As of November 28, 2009, the balance in this escrow account, which is held in a trust and is not recorded on our Consolidated Balance Sheet, was approximately \$2.8 million. Also included in estimated insurance proceeds are amounts we are entitled to receive pursuant to legal settlements as reimbursements from three insurance companies for estimated costs at the site in Uvalde, Texas.

Our nuclear garment decontamination facilities are licensed by the Nuclear Regulatory Commission ("NRC"), or, in certain cases, by the applicable state agency, and are subject to regulation by federal, state and local authorities. There can be no assurance that such regulation will not lead to material disruptions in our garment decontamination business.

From time to time, we are also subject to legal proceedings and claims arising from the conduct of our business operations, including litigation related to charges for certain ancillary services on invoices, personal injury claims, customer contract matters, employment claims and environmental matters as described above.

While it is impossible for us to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits and environmental contingencies, we believe that the aggregate amount of such liabilities, if any, in excess of amounts we have accrued or covered by insurance, will not have a material adverse effect on our consolidated financial position or results of operations. It is possible, however, that future financial position and/or 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 our control.

#### *Seasonality*

Historically, our 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 our markets; the timing of acquisitions and of commencing start-up operations and related costs; our effectiveness in integrating acquired businesses and start-up operations; the timing of nuclear plant outages; capital expenditures; seasonal rental and purchasing patterns of our customers; and price changes in response to competitive factors. In addition, our 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*

In general, we believe that our results of operations are not dependent on moderate changes in the inflation rate. Historically, we have been able to manage the impacts of more significant changes in inflation rates through our customer relationships, customer agreements that generally provide for price increases consistent with the rate of inflation, and continued focus on improvements of operational productivity.

#### *Energy Costs*

Significant increases in energy costs, specifically with respect to natural gas and gasoline, can materially affect our results of operations and financial condition.

#### *Contractual Obligations and Other Commercial Commitments*

As of November 28, 2009, there were no material changes in our contractual obligations that were disclosed in our Annual Report on Form 10-K for the year ended August 29, 2009.

#### **Recent Accounting Pronouncements**

In December 2007, the FASB issued revised guidance for business combinations. The revised guidance changes how business acquisitions are accounted for and impacts financial statements both on the acquisition date and in subsequent periods. We adopted the revised guidance on August 30, 2009, and the adoption did not have a material impact on our Consolidated Financial Statements.

In April 2008, the FASB issued revised guidance on the useful lives of intangible assets. The revised guidance amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The intent of the revised guidance is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset under other US GAAP. We adopted the revised guidance on August 30, 2009, and the adoption did not have a material impact on our Consolidated Financial Statements.

In June 2008, the FASB issued revised guidance which clarifies whether instruments granted in share-based payment transactions are participating securities prior to vesting and therefore need to be included in the earnings allocation in computing earnings per share (EPS). We adopted the revised guidance on August 30, 2009, and the adoption did not have a material impact on our Consolidated Financial Statements.

In June 2009, the FASB approved its Accounting Standards Codification (the "Codification"), as the single source of authoritative United States accounting and reporting standards applicable for all non-governmental entities, with the exception of the SEC and its staff. The Codification, which changes the referencing of financial standards, is effective for interim or annual financial periods ending after September 15, 2009. Therefore, in our first quarter of fiscal 2010, all references made to US GAAP were changed to use the new Codification numbering system prescribed by the FASB. The Codification was not intended to change or alter existing US GAAP, and as a result, it did not have any impact on the Company's Consolidated Financial Statements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

#### *Foreign Currency Exchange Risk*

We have determined that all of our foreign subsidiaries operate primarily in local currencies that represent the functional currencies of such subsidiaries. All assets and liabilities of our foreign subsidiaries are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date. The effect of exchange rate fluctuations on the translation of assets and liabilities are recorded as a component of shareholders' equity. Revenues and expenses are translated at the average exchange rates in effect during each month of the fiscal year. As such, our financial condition and operating results are affected by fluctuations in the value of the U.S. dollar as compared to currencies in foreign countries. Revenues denominated in currencies other than the U.S. dollar represented approximately 9% of total consolidated revenues for the thirteen weeks ended November 28, 2009, and total assets denominated in currencies other than the U.S. dollar represented approximately 11% of total consolidated assets at November 28, 2009. If exchange rates had increased or decreased by 10% from the actual rates in effect during the thirteen weeks ended and as of November 28, 2009, our revenues and assets for the thirteen weeks ended and as of November 28, 2009 would have increased or decreased by approximately \$2.3 million and \$10.6 million, respectively.

We do not operate a hedging program to mitigate the effect of a significant change in the value of our foreign subsidiaries functional currencies, which include the Canadian Dollar, Euro, British Pound, and Mexican Peso, as compared to the U.S. dollar. Any gains or losses resulting from foreign currency transactions, including exchange rate fluctuations on intercompany accounts are reported as transaction (gains) losses in our other expense (income). The intercompany payables and receivables are denominated in Canadian Dollars, Euros, British Pounds and Mexican Pesos. During the thirteen weeks ended November 28, 2009, transaction gains included in other expense (income) were approximately \$0.2 million. If the exchange rates had changed by 10% during the thirteen weeks ended November 28, 2009, we would have recognized exchange gains or losses, of approximately \$0.9 million.

#### *Interest Rate Sensitivity*



We are exposed to market risk from changes in interest rates which may adversely affect our financial position, results of operations and cash flows. In seeking to minimize the risks from interest rate fluctuations, we manage these exposures through our regular operating and financing activities. We are exposed to interest rate risk primarily through our borrowings under our \$225.0 million Credit Agreement with a syndicate of banks and our 2006 Floating Rate Notes which were purchased by a group of insurance companies pursuant to the 2006 Note Agreement. Under both agreements, we borrow funds at variable interest rates based on the Eurodollar rate or LIBOR rates. If the LIBOR and Eurodollar rates fluctuated by 10% from the actual rates in effect during the thirteen weeks ended November 28, 2009, our interest expense would have fluctuated by a nominal amount from the interest expense recognized for the thirteen weeks ended November 28, 2009.

In January 2008, we entered into an interest rate swap agreement to manage our exposure to interest rate movements and the related effect on our variable rate debt. The swap agreement, with a notional amount of \$100.0 million, matures on March 14, 2011. We pay a fixed rate of 3.51% and receive a variable rate tied to the three month LIBOR rate. We have accounted for this instrument as a cash flow hedge under US GAAP and, as a result, have recorded all changes in the fair value of the swap agreement in accumulated other comprehensive income, a component of shareholders' equity. Refer to Note 5, "Derivative Instruments and Hedging Activities" of our Consolidated Financial Statements for additional information regarding our interest rate swap.

#### **ITEM 4. CONTROLS AND PROCEDURES**

*Disclosure Controls and Procedures* As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that material information relating to the Company required to be disclosed by the Company in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and to ensure that such material information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired control objectives, and management necessarily was required to apply its judgment in designing and evaluating the controls and procedures. We continue to review our disclosure controls and procedures, and our internal control over financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

#### *Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting during the first quarter of fiscal year 2010 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

#### **PART II – OTHER INFORMATION**

##### **ITEM 1. LEGAL PROCEEDINGS**

From time to time, we are subject to legal proceedings and claims arising from the current conduct of our business operations, including personal injury, customer contract and employment claims as described in our Consolidated Financial Statements. We maintain insurance coverage providing indemnification against the majority of such claims, and we do not expect that we will sustain any material loss as a result thereof. Refer to Note 9, "Commitments and Contingencies," to the Consolidated Financial Statements for further discussion.

##### **ITEM 1A. RISK FACTORS**

To our knowledge, there have been no material changes in the risk factors described in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended August 29, 2009. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended August 29, 2009, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

##### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

##### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

##### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

##### **ITEM 5. OTHER INFORMATION**

None.

##### **ITEM 6. EXHIBITS**

\* 10.1 UniFirst Corporation Amended 1996 Stock Incentive Plan

- \* 10.2 Second Amendment to the UniFirst Corporation Amended 1996 Stock Incentive Plan
- \* 10.3 Third Amendment to the UniFirst Corporation Amended 1996 Stock Incentive Plan
- \* 10.4 Fourth Amendment to the UniFirst Corporation Amended 1996 Stock Incentive Plan
- \* 31.1 Rule 13a-14(a)/15d-14(a) Certification of Ronald D. Croatti
- \* 31.2 Rule 13a-14(a)/15d-14(a) Certification of Steven S. Sintros
- \*\* 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- \*\* 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- \* Filed herewith
- \*\* Furnished herewith

### 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.

January 7, 2010

UniFirst Corporation

By: /s/ Ronald D. Croatti  
 Ronald D. Croatti  
 President and Chief Executive Officer

January 7, 2010

UniFirst Corporation

By: /s/ Steven S. Sintros  
 Steven S. Sintros  
 Vice President and Chief Financial Officer

### EXHIBIT INDEX

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UNIFIRST CORPORATION  
AMENDED 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 450,000. 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.

**UNIFIRST CORPORATION  
SECOND AMENDMENT TO THE**

**UNIFIRST CORPORATION**

**AMENDED 1996 STOCK INCENTIVE PLAN**

In accordance with the provisions of Section 12 of the UniFirst Corporation 1996 Amended Stock Incentive Plan (the "Plan"), the Plan is hereby amended as follows:

1. Section 1 of the Plan is hereby amended by inserting the following new defined term after the defined term "Incentive Stock Option" contained therein:

"Non-Employee Director" means a member of the Board who is not also an employee of the Company or any Subsidiary."
2. Section 2(b)(i) of the Plan is hereby amended by deleting the phrase "the officers and other employees" contained therein and substituting the following in lieu thereof:

"the Non-Employee Directors, officers and other employees"
3. Section 3(d) of the Plan is hereby amended by deleting the phrase "employees of another corporation who become employees" contained therein and substituting the following in lieu thereof:

"directors or employees of another corporation who become directors or employees"
4. Section 4 of the Plan is hereby amended by deleting the phrase "such officers and other employees" contained therein and substituting the following in lieu thereof:

"such Non-Employee Directors, officers and other employees"
5. Section 5 of the Plan is hereby amended by deleting the date November 5, 2006 contained in the third paragraph of said section and substituting the following in lieu thereof:

"July 12, 2011"
6. Section 5 of the Plan is hereby amended by deleting subsection (b) and substituting the following in lieu thereof:

(b) Stock Options Granted to Non-Employee Directors.

  - (i) Grant of Options.

(A) Each Non-Employee Director who is serving as a Director of the Company on the third business day after each annual meeting of stockholders, beginning with the 2004 annual meeting, shall be granted on such day a Non-Qualified Stock Option to acquire a number of shares of Stock determined by the Committee for such year.

(B) The exercise price per share for the Stock covered by a Stock Option granted under this Section 5(b) shall be equal to the Fair Market Value of the Stock on the date the Stock Option is granted.

(C) The Committee, in its discretion, may grant additional Non-Qualified Stock Options to Non-Employee Directors. Any such grant may vary among individual Non-Employee Directors.
  - (ii) Exercise; Termination.

(A) Unless otherwise determined by the Committee, an Option granted under this Section 5(b) shall be exercisable in full on the grant date. An Option issued under this Section 5(b) shall not be exercisable after the expiration of ten years from the date of grant.

(B) Options granted under this Section 5(b) may be exercised only by written notice to the Company specifying the number of shares to be purchased. Payment of the full purchase price of the shares

to be purchased may be made by one or more of the methods specified in Section 5(a)(iv). An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(iii) Non-transferability of Options. No Option granted under this Section 5(b) shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution and all such 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 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."

7. Section 6(b) of the Plan is hereby amended by deleting the phrase "any officers or other employees" contained therein and substituting the following in lieu thereof:  

"any Non-Employee Directors, officers or other employees"
8. Section 7(a) of the Plan is hereby amended by deleting the phrase "any officers or other employees" contained in the first sentence therein and substituting the following in lieu thereof:  

"any Non-Employee Directors, officers or other employees"
9. Section 7(a) of the Plan is hereby further amended by deleting the phrase "continuing employment" contained in the third sentence therein and substituting the following in lieu thereof:  

"continuing employment (or other service relationship)"
10. Section 7(d) of the Plan is hereby amended by deleting the phrase "termination of employment" contained in the second and third sentences therein and substituting the following in lieu thereof (in both places):  

"termination of employment (or other service relationship)"
11. Section 8(a) of the Plan is hereby amended by deleting the phrase "any officers or other employees" contained therein and substituting the following in lieu thereof:  

"any Non-Employee Directors, officers or other employees"
12. Section 9(a) of the Plan is hereby amended by deleting the phrase "any officers or other employees" contained therein and substituting the following in lieu thereof:  

"any Non-Employee Directors, officers or other employees"
13. Section 9(d) of the Plan is hereby amended by deleting the phrase "termination of employment" contained twice therein and substituting the following in lieu thereof (in both places):  

"termination of employment (or other service relationship)"
14. Section 9(e) of the Plan is hereby amended by deleting the phrase "termination of employment" contained therein and substituting the following in lieu thereof:  

"termination of employment (or other service relationship)"
15. Section 16 is hereby amended by inserting the following sentence at the end of such section:  

"Unless sooner terminated as herein provided, the Plan shall terminate on January 8, 2012 and no award shall be granted under the Plan on and after such date."
16. This amendment shall be effective upon approval by the stockholders of UniFirst Corporation.
17. Except as herein above provided, the Plan is hereby ratified, confirmed, and approved in all respects.

Approved by the Shareholders of UniFirst Corporation: January 13, 2004

**THIRD AMENDMENT TO THE  
UNIFIRST CORPORATION  
AMENDED 1996 STOCK INCENTIVE PLAN**

In accordance with the provisions of the UniFirst Corporation 1996 Amended Stock Incentive Plan, as amended (the "Plan"), the Plan is hereby amended as follows:

1. The first sentence of Section 3 of the Plan is hereby amended and restated as follows:

"The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 800,000."

2. This amendment shall be effective upon approval by the shareholders of UniFirst Corporation.
3. Except as modified herein, the Plan is not modified in any respect and remains in full force and effect.

Approved by the Board of Directors: October 31, 2006

Approved by the Shareholders of UniFirst Corporation: January 9, 2007

**FOURTH AMENDMENT TO THE  
UNIFIRST CORPORATION  
AMENDED 1996 STOCK INCENTIVE PLAN**

In accordance with the provisions of the UniFirst Corporation 1996 Amended Stock Incentive Plan, as amended (the "Plan"), the Plan is hereby amended as follows:

1. The first sentence of Section 3 of the Plan is hereby amended and restated as follows:

"The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 1,500,000."

2. This amendment shall be effective upon approval by the shareholders of UniFirst Corporation.
3. Except as modified herein, the Plan is not modified in any respect and remains in full force and effect.

Approved by the Board of Directors: November 10, 2009

Approved by the Shareholders of UniFirst Corporation:

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES  
EXCHANGE ACT, AS AMENDED**

I, Ronald D. Croatti, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of UniFirst Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant, and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and,
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and,
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 7, 2010

By: /s/ Ronald D. Croatti  
Ronald D. Croatti,  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES  
EXCHANGE ACT, AS AMENDED**

I, Steven S. Sintros, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of UniFirst Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant, and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and,
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and,
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 7, 2010

By: /s/ Steven S. Sintros  
Steven S. Sintros  
Chief Financial Officer  
(Principal Financial Officer)



**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION  
906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Ronald D. Croatti, President and Chief Executive Officer of UniFirst Corporation (the "Company"), do hereby certify, to the best of my knowledge, that:

- (1) The Company's Quarterly Report on Form 10-Q for the quarter ended November 28, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 7, 2010

By: /s/ Ronald D. Croatti  
Ronald D. Croatti, President and  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION  
906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Steven S. Sintros, Chief Financial Officer of UniFirst Corporation (the "Company"), do hereby certify, to the best of my knowledge, that:

- (1) The Company's Quarterly Report on Form 10-Q for the quarter ended November 28, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 7, 2010

By: /s/ Steven S. Sintros  
Steven S. Sintros  
Chief Financial Officer  
(Principal Financial Officer)