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 quarter ended March 2, 2002 | Commission File Number 1-8504

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

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

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

Registrant's telephone number: (978) 658-8888

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

Yes [X] No [ ]

The number of outstanding shares of the registrant's Common Stock and Class B Common Stock as of April 5, 2002 were 8,993,354 and 10,227,344 respectively.

PART 1 - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

(In thousands, except per share data)	March 2, 2002	August 25, 2001*	February 24, 2001
Assets			
Current assets:			
Cash	$ 6,011	$ 5,699	$ 6,108
Receivables	57,476	55,427	58,321
Inventories	25,929	22,320	25,799
Rental merchandise in service	51,445	56,677	58,339
Prepaid expenses	261	275	296
Total current assets	141,122	140,398	148,863
Property and equipment:			
Land, buildings and leasehold improvements	201,839	199,084	197,666
Machinery and equipment	220,365	224,143	215,326
Motor vehicles	59,728	57,620	57,944
	481,932	480,847	470,936
Less - accumulated depreciation	214,445	215,154	202,749
	267,487	265,693	268,187

Goodwill, net	54,484	54,579	55,425
Other intangible assets	23,493	26,110	26,433
Other assets	5,846	5,033	5,054
	$ 492,432	$ 491,813	$ 503,962
Liabilities and Shareholders' Equity			
Current liabilities:			
Current maturities of long-term obligations	$ 1,361	$ 1,664	$ 1,824
Notes payable	1,359	1,344	1,359
Accounts payable	16,907	19,334	18,359
Accrued liabilities	61,291	55,242	55,655
Accrued and deferred income taxes	8,716	11,928	12,450
Total current liabilities	89,634	89,512	89,647
Long-term obligations, net of current maturities	81,852	93,131	114,879
Deferred income taxes	24,150	23,625	22,491
Shareholders' equity:			
Preferred stock, $1.00 par value; 2,000,000 shares authorized; none issued	-	-	-
Common stock, $.10 par value; 30,000,000 shares authorized; issued 10,528,409 shares	1,053	1,052	1,051
Class B Common stock, $.10 par value; 20,000,000 shares authorized; issued and outstanding 10,227,344 shares	1,023	1,024	1,025
Treasury stock, 1,535,055 shares, at cost	(24,755)	(24,755)	(23,171)
Capital surplus	12,443	12,438	12,438
Retained earnings	310,818	299,313	288,501
Accumulated other comprehensive income	(3,786)	(3,527)	(2,899)
Total shareholders' equity	296,796	285,545	276,945
	$ 492,432	$ 491,813	$ 503,962

* Condensed from audited financial statements

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

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(In thousands, except per share data)	Twenty-seven weeks ended March 2, 2002	Twenty-six weeks ended February 24, 2001	Fourteen weeks ended March 2, 2002	Thirteen weeks ended February 24, 2001
Revenues	$ 294,148	$ 277,571	$ 151,523	$ 136,562
Costs and expenses:				
Operating costs	177,904	171,845	92,711	85,211
Selling and administrative expenses	71,813	62,889	37,618	31,730
Depreciation and amortization	18,508	18,719	9,360	9,438
	268,225	253,453	139,689	126,379
Income from operations	25,923	24,118	11,834	10,183
Other expense (income):				
Interest expense	5,843	5,104	4,227	2,474

Interest income	(825)	(582)	(451)	(362)
Interest rate swap expense (income)	271	1,645	(263)	1,130
	5,289	6,167	3,513	3,242
Income before income taxes	20,634	17,951	8,321	6,941
Provision for income taxes	7,841	6,822	3,162	2,638
Net income	$ 12,793	$ 11,129	$ 5,159	$ 4,303
Weighted average number of shares outstanding -- basic	19,220	19,491	19,221	19,362
Weighted average number of shares outstanding -- diluted	19,265	19,491	19,276	19,362
Net income per share - basic	$ 0.67	$ 0.57	$ 0.27	$ 0.22
Net income per share - diluted	$ 0.66	$ 0.57	$ 0.27	$ 0.22

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

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(In thousands)	Twenty-Seven weeks ended March 2, 2002	Twenty-Six weeks ended February 24, 2001
Cash flows from operating activities:		
Net Income	$ 12,793	$ 11,129
Adjustments:		
Depreciation	15,918	15,224
Amortization of other assets	2,590	3,495
Interest rate swap expense	271	1,645
Changes in assets and liabilities, net of acquisitions:		
Receivables	(2,170)	(4,433)
Inventories	(3,400)	1,741
Rental merchandise in service	5,109	(1,962)
Prepaid expenses	14	2
Accounts payable	(2,636)	(1,323)
Accrued liabilities	5,808	6,864
Accrued and deferred income taxes	(3,154)	196
Deferred income taxes	549	477
Net cash provided by operating activities	31,692	33,055
Cash flows from investing activities:		
Capital expenditures	(18,046)	(18,700)
Increase in other assets	(501)	(1,264)
Net cash used in investing activities	(18,547)	(19,964)
Cash flows from financing activities:		
Increase in debt	-	291
Reduction of debt	(11,550)	(9,985)
Repurchase of common stock	-	(3,122)
Proceeds from exercise of stock options	5	-
Cash dividends	(1,288)	(1,304)

Net cash used in financing activities	(12,833)	(14,120)
Net increase (decrease) in cash	312	(1,029)
Cash at beginning of period	5,699	7,137
Cash at end of period	$ 6,011	$ 6,108
Supplemental disclosure of cash flow information:		
Interest paid	$ 5,712	$ 4,098
Income taxes paid	10,528	6,215

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

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWENTY-SEVEN WEEKS ENDED MARCH 2, 2002

1. These condensed consolidated financial statements have been prepared by the Company 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 generally accepted accounting principles 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 periods. It is suggested that these condensed consolidated financial statements should be read in conjunction with the financial statements and the notes, thereto, included in the Company's latest annual report on Form 10-K. Results for an interim period are not indicative of any future interim periods or for an entire fiscal year.

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

3. Certain prior period amounts have been reclassified to conform with the current period presentation.

4. The components of comprehensive income for the twenty-seven and fourteen week periods ended March 2, 2002 and the twenty-six and thirteen week periods ended February 24, 2001 were as follows:

(in thousands)	Twenty-seven weeks ended March 2, 2002	Twenty-six weeks ended February 24, 2001	Fourteen weeks ended March 2, 2002	Thirteen weeks ended February 24, 2001
Net income	$12,793	$11,129	$5,159	$4,303
Other comprehensive income (loss):				
Foreign currency translation adjustments	(171)	(930)	444	(539)
Change in fair value of derivative instruments, net	(88)	-	126	-
Comprehensive income	$12,534	$10,199	$5,729	$3,764

5. Net income per share is calculated using the weighted average number of

common and dilutive potential common shares outstanding during the year. Anti-dilutive shares of 113,500 for the twenty-six and thirteen weeks ended February 24, 2001 were excluded from the weighted average number of common and dilutive potential common shares outstanding.

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

The Company has entered into interest rate swap agreements to manage its exposure to movements in interest rates on its variable rate debt. The swap agreements are cash flow hedges and are used to manage exposure to interest rate movement by effectively changing the variable rate to a fixed rate. Such instruments are matched with the underlying borrowings. SFAS No. 133 eliminated special hedge accounting if a swap agreement does not meet

certain criteria, thus requiring the Company to reflect all changes in the fair value of the swap agreement in earnings in the period of change.

In October 1999, the Company entered into an interest rate swap agreement with a bank, notional amount $40,000, maturing October 13, 2004. The Company pays a fixed rate of 6.38% and receives a variable rate tied to the three month LIBOR rate. As of March 2, 2002, the applicable variable rate was 1.83%. On October 15, 2002 the bank has the option to terminate the swap agreement without further obligation to make payments to the Company. Since this swap agreement does not meet the required criteria necessary to use special hedge accounting, the Company has recorded charges of $271 and $1,645 for the twenty-seven weeks ended March 2, 2002 and twenty-six weeks ended February 24, 2001, respectively, and (income) charges of $(263) and $1,130 for the fourteen weeks ended March 2, 2002 and thirteen weeks ended February 24, 2001, respectively, through other expense, as a result of the change in the fair value of the swap agreement.

In June 2001, the Company entered into a second interest rate swap agreement with a bank, notional amount $20,000, maturing June 5, 2003. The Company pays a fixed rate of 4.69% and receives a variable rate tied to the three month LIBOR rate. As of March 2, 2002, the applicable variable rate was 2.01%. This swap agreement meets the required criteria as defined in SFAS No. 133 to use special hedge accounting, and the Company has recorded charges (income) of $133, net of tax of $89, and $(29), net of tax of $(19) for the twenty-seven and thirteen weeks ended March 2, 2002, respectively, through other comprehensive income, for the change in the fair value of the swap agreement.

During 2001, the Company entered into natural gas swap agreements to mitigate the commodity price risk associated with the natural gas used at certain laundry facilities. These agreements were based on forecasted monthly usage for certain laundry facilities through December 2002. As of March 2, 2002, the Company had hedged approximately 657 MMBtus, paying fixed prices between $3.79 and $3.92 and receiving variable prices based on the New York Mercantile Exchange closing prices for each month during the lives of the contracts. The swap agreements meet the required criteria as defined in SFAS No. 133 to use special hedge accounting as cash flow hedges. As a result, the Company has recorded income of $45, net of tax of $30, and $97, net of tax of $65 for the twenty-seven and thirteen weeks ended March 2, 2002, respectively, through other comprehensive income, for the change in the fair value of the swap agreements. These amounts will be recognized in operating costs in the accompanying consolidated statements of income as the natural gas is used in the laundry facilities.

7. In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations." SFAS No. 141 requires that all business combinations be accounted for using one method, the purchase method. The provisions of this Statement apply to all business combinations initiated after June 30, 2001.

SFAS No. 141 supersedes Accounting Principles Board (APB) Opinion No. 16, "Business Combinations," and SFAS No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises."

In June 2001, the FASB also issued SFAS No. 142, "Goodwill and Other

Intangible Assets." SFAS No. 142 addresses financial accounting and reporting for goodwill and other intangible assets. SFAS No. 142 supersedes APB Opinion No. 17, "Intangible Assets." The Company adopted SFAS No. 142 effective August 26, 2001. The provisions of SFAS No. 142 were applied to all goodwill and other intangible assets recognized in the Company's consolidated financial statements as of August 26, 2001. There were no impairment losses related to goodwill and intangible assets due to the application of SFAS No. 142.

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

(in thousands)	Twenty-seven weeks ended March 2, 2002	Twenty-six weeks ended February 24, 2001	Fourteen weeks ended March 2, 2002	Thirteen weeks ended February 24, 2001
Reported net income	$12,793	$11,129	$5,159	$4,303
Add: Goodwill amortization, net of tax	-	593	-	332
Adjusted net income	12,793	11,722	5,159	4,635
Reported basic earnings per share	$0.67	$0.57	$0.27	$0.22
Add: Goodwill amortization, net of tax	-	0.03	-	0.02
Adjusted basic earnings per share	$0.67	$0.60	$0.27	$0.24
Reported diluted earnings per share	$0.66	$0.57	$0.27	$0.22
Add: Goodwill amortization, net of tax	-	0.03	-	0.02
Adjusted diluted earnings per share	$0.66	$0.60	$0.27	$0.24

Information regarding the Company's intangible assets is as follows:

	As of March 2, 2002		
	Carrying Amount	Accumulated Amortization	Net
Customer contracts, restrictive covenants and other assets arising from acquisitions	$ 63,847	$40,354	$23,493
Goodwill	63,675	9,191	54,484
Total	$127,522	$49,545	$77,977

	As of August 25, 2001		
	Carrying Amount	Accumulated Amortization	Net
Customer contracts, restrictive covenants and other assets arising from acquisitions	$63,926	$37,816	$26,110
Goodwill	63,770	9,191	54,579
Total	$127,696	$47,007	$80,689

	As of February 24, 2001		
	Carrying Amount	Accumulated Amortization	Net
Customer contracts, restrictive covenants and other assets arising from acquisitions	$ 61,675	$35,242	$26,433
Goodwill	63,640	8,215	55,425
Total	$125,315	$43,457	$81,858

Amortization expense for the twenty-seven and fourteen weeks ended March 2, 2002 was $2,590 and $1,344, respectively. Amortization expense for the twenty-six and thirteen weeks ended February 24, 2001 was $3,495 and $1,756, respectively. Estimated amortization expense for each of the following fiscal years based on the intangible assets as of March 2, 2002 is as follows:

2002	$4,927
2003	3,864
2004	3,117
2005	3,061
2006	2,986

8. In June 2001, the FASB approved the issuance of SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 establishes accounting standards for the recognition and measurement of legal obligations associated with the retirement of tangible long-lived assets and requires recognition of a liability for an asset retirement obligation in the period in which it is incurred. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. The Company has not yet determined the adoption date or the impact of adopting SFAS No. 143.

   In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impariment or disposal of long-lived assets. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. The Company has not yet determined the adoption date or the impact of adopting SFAS No. 144.

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

FOR THE TWENTY-SEVEN WEEKS ENDED MARCH 2, 2002

RESULTS OF OPERATIONS

TWENTY-SEVEN WEEKS OF FISCAL 2002 COMPARED WITH TWENTY-SIX WEEKS OF FISCAL 2001

Revenues. Revenues for the first twenty-seven weeks of fiscal 2002 increased $16.6 million or 6.0% to $294.1 million as compared with $277.6 million for the first twenty-six weeks of fiscal 2001. This increase can be attributed to an extra week of revenue in fiscal 2002 (4.0%), increased revenue from the nuclear garment services business (1.3%), and growth from existing operations and price increases in the core uniform rental and first aid business (0.7%).

Operating Costs. Operating costs increased to $177.9 million for the first half of fiscal 2002 as compared with $171.8 million for the first half of fiscal 2001. As a percentage of revenues, operating costs decreased to 60.5% from 61.9% for these periods, primarily due to lower merchandise costs as the Company continued to see benefits from its in-plant stockrooms and higher contribution from its manufacturing operations. The Company also had slightly lower energy related costs.

Selling and Administrative Expenses. The Company's selling and administrative expenses increased to $71.8 million, or 24.4% of revenues, for the first half of fiscal 2002 as compared with $62.9 million, or 22.7% of revenues, for the first half of fiscal 2001. In the first quarter of fiscal 2001 these costs were favorably impacted by a $1.1 million settlement from a lawsuit related to the Company's nuclear garment services business. Excluding this settlement, these expenses would have been $64.0 million, or 23.1% of revenues, in the first half of fiscal 2001. The increase in selling and administrative expenses is primarily attributable to higher selling costs as the Company has expanded its sales force, and increased employee health care costs.

Depreciation and Amortization. The Company's depreciation and amortization expense decreased to $18.5 million, or 6.3% of revenues, for the first half of fiscal 2002 as compared with $18.7 million, or 6.7% of revenues, for the first half of fiscal 2001. The decrease was primarily the result of the adoption of SFAS No. 142 in the first quarter of fiscal 2002, whereby the Company ceased the amortization of goodwill. See Note 7 for a further discussion of the impact of this change.

Other Expense (Income). Net other expense (interest and interest rate swap expense less interest income) was $5.3 million, or 1.8% of revenues, for the first half of fiscal 2002 as compared with $6.2 million, or 2.2% of revenues, for the first half of fiscal 2001. During the second quarter of fiscal 2002 the Company recorded a $2.3 million interest charge which is an estimate of the interest which will be due from settling a revenue agent review with the IRS. Excluding this charge, net other expense would have been $3.0 million, or 1.0% of revenues, in the first half of fiscal 2002. The decrease in net other expense is attributable to lower interest rates and reduced debt in the first half of fiscal 2002 as well as lower interest rate swap expense resulting from the change in the fair value of the Company's $40 million notional amount interest rate swap agreement.

Income Taxes. The Company's effective income tax rate was 38.0% for both the first half of fiscal 2002 and the first half of fiscal 2001.

FOURTEEN WEEKS ENDED MARCH 2, 2002 COMPARED TO THIRTEEN WEEKS ENDED FEBRUARY 24, 2001

Revenues. Fiscal 2002 second quarter revenues increased $15.0 million or 11.0% to $151.5 million as compared with $136.6 million for the second quarter of fiscal 2001. This increase can be attributed to an extra week of revenue in the fiscal 2002 second quarter (8.0%), increased revenue from the nuclear garment services business (2.9%), and growth from existing operations and price increases in the core uniform rental and first aid business (0.1%).

Operating Costs. Operating costs increased to $92.7 million for the second quarter of fiscal 2002 as compared with $85.2 million for the second quarter of fiscal 2001. As a percentage of revenues, operating costs decreased to 61.2% from 62.4% for these periods, primarily due to lower merchandise costs as the Company continued to see benefits from its in-plant stockrooms and higher contribution from its manufacturing operations. The Company also had slightly lower energy related costs.

Selling and Administrative Expenses. The Company's selling and administrative expenses increased to $37.6 million, or 24.8% of revenues, for the second quarter of fiscal 2002 as compared with $31.7 million, or 23.2% of revenues, for the second quarter of fiscal 2001. The increase in selling and administrative expenses is primarily attributable to higher selling costs and increased employee health care costs.

Depreciation and Amortization. The Company's depreciation and amortization expense was $9.4 million for both the second quarter of fiscal 2002 and the second quarter of fiscal 2001. As a percentage of revenues, depreciation and amortization expense decreased to 6.2% from 6.9% for these periods, primarily due to the adoption of SFAS No. 142 in the first quarter of fiscal 2002, whereby the Company ceased the amortization of goodwill. See Note 7 for a further discussion of the impact of this change.

Other Expense (Income). Net other expense (interest and interest rate swap expense less interest income) was $3.5 million, or 2.3% of revenues, for the second quarter of fiscal 2002 as compared with $3.2 million, or 2.4% of revenues, for the second quarter of fiscal 2001. During the second quarter of fiscal 2002 the Company recorded a $2.3 million interest charge which is an estimate of the interest which will be due from settling a revenue agent review with the IRS. Excluding this charge, net other expense would have been $1.2 million, or 0.8% of revenues, in the fiscal 2002 second quarter. The decrease in net other expense is attributable to lower interest rates and reduced debt in the second quarter of fiscal 2002 as well as interest rate swap income of $0.3 million in the second quarter of fiscal 2002 as compared with expense of $1.1 million in the second quarter of fiscal 2001 resulting from the change in the fair value of the Company's $40 million notional amount interest rate swap agreement.

Income Taxes. The Company's effective income tax rate was 38.0% for both the second quarter of fiscal 2002 and the second quarter of fiscal 2001.

LIQUIDITY AND CAPITAL RESOURCES

Shareholders' equity at March 2, 2002 was $296.8 million, or 78.1% of total capitalization.

During the twenty-seven weeks ended March 2, 2002 net cash provided by operating activities ($31.7 million) was primarily used for capital expenditures ($18.0 million), debt repayment ($11.6 million) and dividends ($1.3 million).

The Company had $6.0 million in cash and $79.0 million available on its $170 million unsecured line of credit with a syndicate of banks as of March 2, 2002. The Company expects to pay approximately $15 million by August, 2002 resulting from the settlement of a revenue agent review with the IRS as discussed above. The Company believes its generated cash from operations and its borrowing capacity will adequately cover its foreseeable capital requirements.

SEASONALITY

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

EFFECTS OF INFLATION

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

SAFE HARBOR FOR FORWARD LOOKING STATEMENTS

Forward looking statements contained in this quarterly report are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995 and are highly dependent upon a variety of important factors that could cause actual results to differ materially from those reflected in such forward looking statements. These forward-looking statements are subject to certain risks and uncertainties. The words "anticipate" and "should," and other expressions that indicate future events and trends identify forward-looking statements. Actual future results may differ materially from those anticipated depending on a variety of factors, including, but not limited to, performance of acquisitions; economic and business changes; fluctuations in the cost of materials, fuel and labor; economic and other developments associated with the on-going war on terrorism including the instability created by the escalating conflict in the Middle East; strikes and unemployment levels; demand and price for the Company's products and services; improvement in under performing rental operations; and the outcome of pending and future litigation and environmental matters.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign Currency Exchange Risk

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

Interest Rate Risk

The Company is exposed to market risk from changes in interest rates which may adversely affect its financial position, results of operations and cash flows. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposures through its regular operating and financing activities. In fiscal 2000, the Company entered into an interest rate swap agreement with a bank, notional amount $40 million, maturing October 13, 2004. The Company pays a fixed rate of 6.38% and receives a variable rate tied to the three month LIBOR rate. As of March 2, 2002, the applicable variable rate was 1.83%. On October 15, 2002 the bank has the option to terminate the swap agreement without further obligation to make payments to the Company. In fiscal 2001, the Company entered into a second interest rate swap agreement with a bank, notional amount $20 million, maturing June 5, 2003. The Company pays a fixed rate of 4.69% and receives a variable rate tied to the three month LIBOR rate. As of March 2, 2002, the applicable variable rate was 2.01%. See Note 6 for details on the Company's derivative instruments and hedging activities.

The Company is exposed to interest rate risk primarily through its borrowings under its $170 million unsecured line of credit with a syndicate of banks. Under the line of credit, the Company may borrow funds at variable interest rates based on the Eurodollar rate or the bank's money market rate, as selected by the Company. As of March 2, 2002 and February 24, 2001, the fair market value of the Company's outstanding debt approximates its carrying value.

Other

During 2001, the Company entered into natural gas swap agreements to mitigate the commodity price risk associated with the natural gas used at certain laundry facilities. These agreements were based on forecasted monthly usage for certain laundry facilities through December 2002. As of March 2, 2002, the Company had hedged approximately 657 MMBtus, paying fixed prices between $3.79 and $3.92 and receiving variable prices based on the New York Mercantile Exchange closing prices for each month during the lives of the contracts. The swap agreements meet the required criteria as defined in SFAS No. 133 to use special hedge accounting as cash flow hedges. As a result, the Company has recorded income of $45, net of tax of $30, and $97, net of tax of $65 for the twenty-seven and thirteen weeks ended March 2, 2002, respectively, through other comprehensive income, for the change in the fair value of the swap agreements. These amounts will be recognized in operating costs in the accompanying consolidated statements of income as the natural gas is used in the laundry facilities.

PART II - OTHER INFORMATION

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES

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

The Company's Annual Meeting of Shareholders was held on January 8, 2002. Ronald D. Croatti and Donald J. Evans were reelected and Anthony F. DiFillippo was elected to the Board of Directors. With respect to Mr. Croatti, 7,051,893 shares of Common Stock and 9,841,552 shares of Class B Common Stock were voted for his election and 871,261 shares of Common Stock and no shares of Class B Common Stock were withheld from voting for his election. With respect to Mr. Evans, 7,682,549 shares of Common Stock and 9,841,552 shares of Class B Common Stock were voted for his election and 240,605 shares of Common Stock and no shares of Class B Common Stock were withheld from voting for his election. With respect to Mr. DiFillippo, 7,702,139 shares of Common Stock and 9,841,552 shares of Class B Common Stock were voted for his election and 221,015 shares of Common Stock and no shares of Class B Common Stock were withheld from voting for his election. The terms of office of Ms. Cynthia Croatti and Messrs. Albert Cohen and Phillip L. Cohen continued after the meeting.

At the annual meeting of shareholders, the shareholders also approved an amendment to the Corporation's 1996 Stock Incentive Plan (the "Plan"), which authorized the issuance of an additional 300,000 shares of Common Stock for issuance under the Plan. With respect to this proposed amendment, 2,435,301 shares of Common Stock and 9,841,552 shares of Class B Common Stock were voted in favor of approving such amendment, 29,570 shares of Common Stock and no shares of Class B Common Stock were voted against such approval and no shares of Common Stock or Class B Common Stock abstained from voting on the matter.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits: None

(b) Reports on Form 8-K: None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned thereunto duly authorized.

UNIFIRST CORPORATION

/s/ RONALD D. CROATTI

Ronald D. Croatti
President and Chief Executive Officer

Date: April 16, 2002

/s/ JOHN B. BARTLETT

John B. Bartlett
Senior Vice President
and Chief Financial Officer