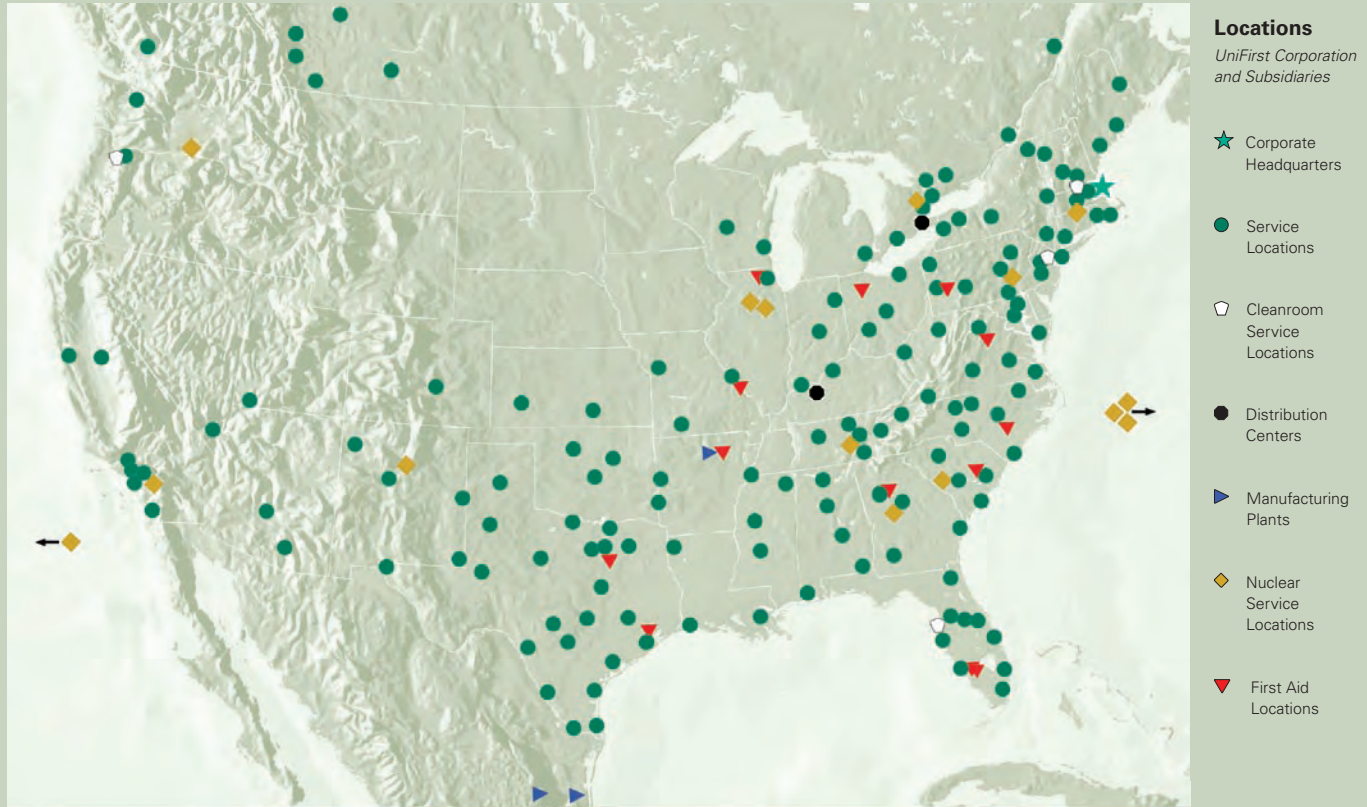


2006 UNIFIRST  
CORPORATION

annual report

"Delivering great products and services is important. But delivering superior value is what creates customer loyalty and drives growth." RONALD D. CROATTI, CHIEF EXECUTIVE OFFICER

# WHO IS UNIFIRST?



UniFirst is one of the largest workwear and textile services companies, serving nearly 200,000 customer locations from sites in the United States, Canada and Europe. We design, manufacture, rent, sell, launder, and deliver a wide range of uniforms, work apparel and protective work garments, as well as a broad selection of related textile items, including floor mats, mops, and industrial towels and wipers. Additionally, we provide customers with complementary facility services products, such as paper towels, sanitary tissues, soap and skin care products, and air fresheners.

Our Specialty Garments business provides specialized uniforms, laundering services, and safety products to the nuclear and cleanroom industries via its UniTech and UniClean units. Our First Aid business, comprised of Green Guard and Medique, supplies first aid cabinet services and various safety supplies to diverse manufacturers, retailers and service organizations.

In fiscal year 2006, UniFirst employed 9,800 Team Partners; operated 151 customer service centers, 15 nuclear decontamination facilities, 4 cleanroom operations, 13

first aid locations, 2 distribution centers, and 3 manufacturing plants – the latter producing approximately half of the garments and floor care products used in our rental service programs.

UniFirst's mission is to consistently deliver enhanced image, identity, and protection solutions that represent the best customer value, produce the greatest user benefits, and earn us recognition as the quality leader in our industry.

who we are

# DEAR SHAREHOLDERS

In fiscal year 2006, UniFirst achieved record revenues of \$821.0 million, a 7.5% increase over the previous year's \$763.8 million. Net income was \$39.2 million, or \$2.03 per diluted common share, a 9.6% decrease from the \$43.3 million or \$2.24 per diluted common share, reported in fiscal 2005.

Our core laundry operations achieved a 9.6% revenue increase over last year, which we believe is the highest growth rate among our top competitors. Most of the improvement resulted from a combination of internal growth and price increases, while acquisitions represented 1.7% of this revenue advance. Our First Aid business showed revenue growth of 9.0%, with results benefiting from a combination of sales force expansion and improved productivity. Our Specialty Garments business lagged its fiscal 2005 revenues by 16.4%, due primarily to delays in bringing on some major new account installations to serve as offsets to lost volume from the completed Rocky Flats contract.

Our uniform rental business showed strong performance, with new sales trending positively throughout the year and sales productivity showing improvement. Professional sales representative performance for new uniform rental sales advanced over the previous year, due largely to better productivity, increased headcount, and slightly reduced turnover. Additionally, sales rep averages were up, in part, due to a higher percentage of larger size accounts being sold. Complementing this, sales by our route sales organization increased, reflecting both incremental additions to existing services and improved performance in adding new products.

The National Accounts sales organization added some major accounts and did a good job of securing contract renewals with current customers. They expanded their internal sales function, which is tasked with accelerating current-account development and achieving the sell-in of additional products. They also worked very hard during the latter part of the year at integrating new accounts we

added as a result of the Uniform Supply Alliance acquisition in April. Integration of these accounts will continue into fiscal 2007.

The drop in net income for the year was due primarily to the slowness in our Specialty Garments business. This is a high margin business and when it does well, we benefit from a profit contribution that is more substantial than what we generate from the core laundry operations. On the other hand, when the Specialty Garments business experiences a drop in volume, we can suffer a relatively significant income impact. Consequently, this year's revenue decrease translated to a much larger percentage fall-off in profit dollars and resulting net income impact. In addition to this, we were also impacted by certain increases in overall operating expenses, including those associated with energy, fuel, sales, and rental merchandise.

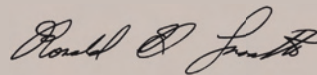
Looking beyond the short-term, we see positive growth indications from all of our business units. In our core laundry operations, we're seeing measurable benefits from the completed rollout of our Sales Force Automation system and are gaining more and better control over day-to-day rep activity. We are also able to more effectively direct and focus efforts at the local market level and are better able to successfully implement the vertical market programs that we believe will be increasingly important to establishing a sustainable selling advantage. We're also seeing increased growth in application-specific areas like protective garments and HACCP services, as well as increased new sales from facility services products.

In the First Aid area, realignment of our selling organization and the introduction of new training and productivity tools are beginning to pay off. We're achieving product cost savings through our new pill packaging operation and starting to realize operations cost savings from greater consolidation of administrative and distribution functions. All are pointing us to increased revenues and better margins.

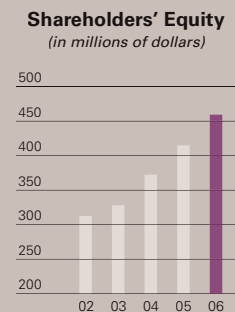
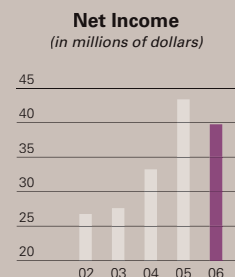
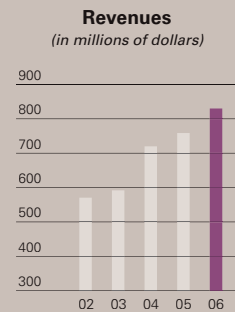
The Specialty Garments business should show some recovery in fiscal 2007, though we don't expect it to return to its 2005 performance level quite yet. To aid recovery, Group Management is pushing ahead with European and Canadian expansions. Even though we're cautious about the degree of rebound, we're confident of an improved profit contribution by this segment for the upcoming year.

All in all, we believe the outlook for UniFirst is very positive and that growth opportunities abound in all our business areas. Around in all our business areas. To take advantage of these opportunities, we'll continue to rely on the quality of our plans and programs, the effectiveness of our execution, and the skill, enthusiasm, and commitment of our dedicated Team Partners. It's a combination that's proven itself in the past and will in the future.

Thank you for your continued support. I look forward to reporting to you on the progress of your Company in the quarters ahead.



Ronald D. Croatti  
Chairman of the Board, President,  
and Chief Executive Officer  
November 9, 2006



## Fiscal Year Ended August

(in millions of dollars)

	2006	2005	Percent change
Revenues	\$821.0	\$763.8	7.5%
Net Income	\$39.2	\$43.3	-9.6%
Shareholders' Equity	\$452.5	\$412.3	9.7%



## UNIFIRST CEO, RON CROATTI, COMMENTS ON GROWTH...

### FINANCIAL PERFORMANCE

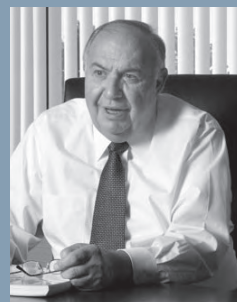
“We’ve demonstrated a unique record of predictable financial performance, with **70 consecutive years** of revenue growth and no year when we weren’t profitable. Not many companies can say that. Plus, we’ve been able to utilize internal cash flow to fund our expansion and, after adjusting for stock splits, have fewer outstanding shares today than when we went public in 1983.”

results

## ATTRACTIVE MARKET

“Uniforms and facility services remain a large and attractive market, growing at twice GDP. We estimate the current size at over **\$13 billion** and know the potential is substantially greater. The shift to a more service-oriented economy, business’s preference for outsourced services, and the increase in regulations favoring various protective applications, will all benefit our continued growth.”

“By demonstrating a positive difference in the value offer we make to both customers and prospects, we’re establishing a level of buyer preference that will win more new accounts and retain more current business. The skill and attitude of our people, the superior quality of our proprietary products, and the flexibility and reliability of our services are making that happen.”



# GEOGRAPHIC SCOPE



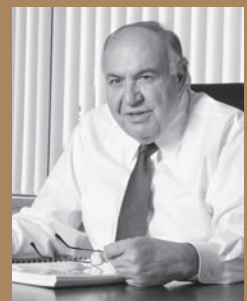
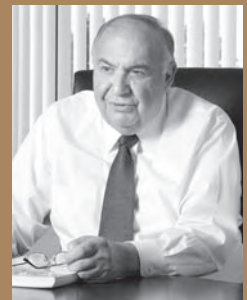
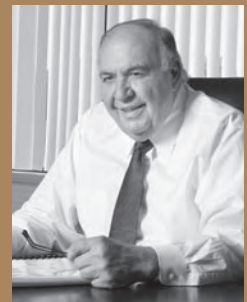
“Our nationwide footprint in the U.S. and Canada, combined with service coverage in **220** of the top **250** markets, provides the geographic position and scale of operations to drive profitability, as well as gain more national account business. It gives us an edge over most of our competitors.”

“We’ve successfully completed over **50 acquisitions** since 2001 and more than **200** since we started in business. We expect the trend toward continued industry consolidation will result in additional opportunities to gain share in existing markets and aid our ability to enter new markets through the purchase of existing complementary businesses.”

PLANT

## EXPERIENCED SALES FORCE

“We have one of the largest, most experienced sales forces in the industry and they’re the primary drivers of our top line results. Continued investment here – including more sales force automation tools, additional target marketing programs, and continued expansion of our National Accounts team – will contribute to the accelerated business growth we’re looking for.”





“The multiple points of contact we have with our users result in stable, long-term relationships and help us deliver high levels of customer satisfaction. Our initial contract term is typically **5 years**, average customer life is approximately **12 years**, and our annual retention is more than **92%**. Over **97%** of current customers say they’re ‘satisfied’ or ‘completely satisfied’ with the service they’re receiving.”



## CUSTOMER SATISFACTION



## BUSINESS BALANCE

“In addition to being leaders in the industrial laundry industry, we benefit from the strong market positions we enjoy in our Specialty Garments and First Aid businesses. We’ve been innovators in the nuclear laundry and decontamination business for over **40 years**, a major participant in the cleanroom laundry business for **2 decades**, and a growing force in the first aid service business since 1998. This

diversification gives us expansion opportunities in markets that have attractive potential. These businesses will continue to provide excellent balance and give us a solid revenue source, both separately and as a result of the doors they open to increased customer base cross-marketing.”

## EXCITING FUTURE



“Reaching **\$1 billion** in annual revenues is right around the corner for us. And, of course, the target after that is **\$2 billion**. The real question is what will the company that generates those numbers look like? It certainly will be bigger and more diverse – both geographically and from a product and service standpoint. It will be utilizing more technology tools and employing people with a wider range of skills. And we’re certain it will be doing some new and different things. The prospect of all that excites and energizes us.”

## **Executive Officers**

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

Cynthia Croatti  
*Executive Vice President and Treasurer*

Dennis G. Assad  
*Senior Vice President, Sales and Marketing*

John. B. Bartlett  
*Senior Vice President and Chief Financial Officer*

Bruce P. Boynton  
*Senior Vice President, Operations*

David A. DiFillippo  
*Senior Vice President, Operations*

Raymond C. Zemlin  
*Secretary*

## **Operating and Corporate Officers**

John R. Badey  
*Vice President, Distribution and Engineering*

George J. Bakevich  
*Vice President, UniTech Services Group*

Joseph A. Boucher  
*Vice President, Western Rental Group*

Michael A. Croatti  
*Vice President, Central Rental Group*

Stephen A. Gaykan  
*Vice President, Manufacturing*

Robert A. Kuhn  
*Vice President, Southern Rental Group*

Reis V. LaMontagne  
*Vice President, Mid-Atlantic Rental Group*

Todd T. Lewis  
*Vice President, First Aid Group*

Robert E. Middleton  
*Vice President, Southwest Rental Group*

Gary L. Rogers  
*Vice President, Texas Rental Group*

William M. Ross  
*Vice President, Northeast Rental Group*

Michael E. Ruttner  
*Vice President, National Accounts*

Michael J. Szymanski  
*Vice President, Canadian Rental Group*

## **Directors**

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

Cynthia Croatti  
*Executive Vice President and Treasurer*

Albert Cohen  
*President, ALC Corporation, a consultancy*

Phillip L. Cohen  
*Retired Partner of an international accounting  
firm; Certified Public Accountant*

Robert F. Collings  
*President's Council of Massachusetts General Hospital;  
Board of Advisors of New Boston Real Estate Fund;  
and Vice-Chairman of the Board of Trustees of  
Daniel Webster College*

Anthony F. DiFillippo  
*Former President, UniFirst Corporation*

Donald J. Evans  
*Retired Senior Partner of Goodwin Procter LLP;  
Formerly General Counsel and First Deputy  
Commissioner, Massachusetts Department of Revenue*

Lawrence R. Pugh  
*Former Chairman, V.F. Corporation*

## **Corporate Information**

Form 10-K  
*Shareholders may obtain without charge a  
copy of the Company's 2006 Form 10-K.  
Written requests should be addressed  
to John B. Bartlett, Senior Vice President.*

Transfer Agent  
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Providence, RI 02940-3078*

Independent Registered Public Accounting Firm  
*Ernst & Young LLP*

Legal Counsel  
*Goodwin Procter LLP*

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performance

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