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 May 29, 1999

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 July 5, 1999 were 10,007,934 and 10,260,744 respectively.

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

	May 29, 1999	August 29, 1998*	May 30, 1998
Assets			
Current assets:			
Cash	$ 3,286,000	$ 5,330,000	$ 6,122,000
Receivables	50,823,000	42,127,000	46,282,000
Inventories	27,967,000	24,152,000	22,379,000
Rental merchandise in service	57,256,000	42,971,000	41,045,000
Prepaid expenses	410,000	188,000	143,000
Total current assets	139,742,000	114,768,000	115,971,000
Property and equipment:			
Land, buildings and leasehold improvements	170,563,000	150,853,000	148,272,000
Machinery and equipment	187,244,000	165,762,000	161,914,000
Motor vehicles	48,003,000	41,608,000	42,191,000
	405,810,000	358,223,000	352,377,000
Less - accumulated depreciation	168,736,000	147,261,000	142,985,000
	237,074,000	210,962,000	209,392,000
Other assets	79,590,000	50,400,000	50,058,000
	$456,406,000	$376,130,000	$375,421,000

Liabilities and Shareholders' Equity			
Current liabilities:			
Current maturities of long-term obligations	$ 925,000	$ 1,194,000	$ 1,067,000
Notes payable	2,360,000	2,511,000	2,457,000
Accounts payable	16,522,000	14,109,000	13,864,000
Accrued liabilities	49,044,000	45,101,000	45,910,000
Accrued and deferred income taxes	4,143,000	2,540,000	2,131,000
Total current liabilities	72,994,000	65,455,000	65,429,000
Long-term obligations, net of current maturities	99,489,000	45,955,000	53,355,000
Deferred income taxes	19,554,000	18,346,000	18,017,000
Shareholders' equity:			
Preferred stock, $1.00 par value; 2,000,000 shares authorized; none issued	--	--	--
Common stock, $.10 par value; 30,000,000 shares authorized; issued 10,003,934 shares	1,000,000	1,022,000	1,021,000
Class B Common stock, $.10 par value; 20,000,000 shares authorized; issued 10,264,744 shares	1,026,000	1,029,000	1,030,000
Treasury stock, 486,700 shares, at cost	(10,485,000)	--	--
Capital surplus	12,487,000	7,078,000	7,078,000
Retained earnings	262,025,000	239,952,000	231,117,000
Accumulated other comprehensive income	(1,684,000)	(2,707,000)	(1,626,000)
Total shareholders' equity	264,369,000	246,374,000	238,620,000
	$456,406,000	$376,130,000	$375,421,000

* 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)

	Thirty-nine weeks ended May 29, 1999	Thirty-nine weeks ended May 30, 1998	Thirteen weeks ended May 29, 1999	Thirteen weeks ended May 30, 1998
Revenues	$362,062,000	$335,812,000	$125,661,000	$114,066,000
Costs and expenses:				
Operating costs	215,992,000	204,581,000	75,184,000	69,319,000
Selling and administrative expenses	81,542,000	73,194,000	28,689,000	24,047,000
Depreciation and amortization	23,152,000	19,189,000	8,137,000	6,588,000
	320,686,000	296,964,000	112,010,000	99,954,000
Income from operations	41,376,000	38,848,000	13,651,000	14,112,000
Interest expense (income):				
Interest expense	3,386,000	1,895,000	1,408,000	596,000
Interest income	(107,000)	(214,000)	(21,000)	(81,000)
	3,279,000	1,681,000	1,387,000	515,000
Income before income taxes	38,097,000	37,167,000	12,264,000	13,597,000
Provision for income taxes	14,096,000	13,380,000	4,538,000	4,895,000
Net income	$24,001,000	$23,787,000	$ 7,726,000	$ 8,702,000
Weighted average number of shares outstanding - basic & diluted	20,506,420	20,510,608	20,320,212	20,510,608
Net income per share - basic & diluted	$1.17	$1.16	$0.38	$0.42

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)

	Thirty-nine weeks ended May 29, 1999	Thirty-nine weeks ended May 30, 1998
Cash flows from operating activities:		
Net Income	$ 24,001,000	$ 23,787,000
Adjustments, net of acquisitions:		
Depreciation	18,901,000	15,923,000
Amortization of other assets	4,251,000	3,266,000
Receivables	(5,237,000)	(6,812,000)
Inventories	2,594,000	(2,858,000)
Rental merchandise in service	(9,588,000)	(831,000)
Prepaid expenses	30,000	5,000
Accounts payable	1,497,000	730,000
Accrued liabilities	3,578,000	318,000
Accrued and deferred income taxes	1,488,000	(382,000)
Deferred income taxes	1,176,000	936,000
Net cash provided by operating activities	42,691,000	34,082,000
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(45,143,000)	(5,041,000)
Capital expenditures	(33,343,000)	(35,049,000)
Other assets, net	(4,022,000)	(3,172,000)
Net cash used in investing activities	(82,508,000)	(43,262,000)
Cash flows from financing activities:		
Increase in debt	53,725,000	14,563,000
Reduction of debt	(3,538,000)	(1,696,000)
Repurchase of common stock	(10,485,000)	-
Cash dividends paid or payable	(1,929,000)	(1,619,000)
Net cash provided by financing activities	37,773,000	11,248,000
Net increase (decrease) in cash	(2,044,000)	2,068,000
Cash at beginning of period	5,330,000	4,054,000
Cash at end of period	$ 3,286,000	$ 6,122,000
Supplemental disclosure of cash flow information:		
Interest paid	$ 2,624,000	$ 1,918,000
Income taxes paid	11,285,000	12,894,000

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRTY-NINE WEEKS ENDED MAY 29, 1999

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 to a fair statement of results for the interim period. 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. In the first quarter of fiscal 1999, The Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income". SFAS 130 established new rules for the reporting and display of comprehensive income and its components. The adoption of this SFAS 130 had no impact on the Company's net income or shareholders' equity, but it requires the Company's foreign currency translation adjustment, which prior to adoption was reported separately in shareholders' equity, to be included in accumulated other comprehensive income. The components of comprehensive income for the thirteen and thirty-nine week periods ended May 29, 1999 and May 30, 1998 were as follows:

	Thirty-nine weeks ended May 29, 1999	Thirty-nine weeks ended May 30, 1998	Thirteen weeks ended May 29, 1999	Thirteen weeks ended May 30, 1998
Net income	$24,001,000	$23,787,000	$7,726,000	$8,702,000
Other comprehensive income:				
Foreign currency translation adjustments	1,023,000	(740,000)	450,000	(294,000)
Comprehensive income	$25,024,000	$23,047,000	$8,176,000	$8,408,000

4. The Company has completed five acquisitions in fiscal 1999 to date. The purchase price for these acquisitions was allocated in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations". None of these acquisitions were significant in relation to the Company's consolidated financial statements and therefore pro forma financial information has not been presented.

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

FOR THE THIRTY-NINE WEEKS ENDED MAY 29, 1999

RESULTS OF OPERATIONS

Thirty-Nine Weeks of Fiscal 1999 Compared with Thirty-Nine Weeks of Fiscal 1998

Revenues. Revenues for the first thirty-nine weeks of fiscal 1999 increased $26.3 million or 7.8% to $362.1 million as compared with $335.8 million for the first thirty-nine weeks of fiscal 1998. This increase can be attributed to growth from existing operations (3.4%), acquisitions (3.4%) and price increases (1.0%). Growth from existing operations was primarily from the conventional uniform rental business (3.1%), and from the nuclear garment services business (0.3%). The increase in revenues from acquisitions resulted from one acquisition made in fiscal 1998 (in Alabama in June 1998) and five acquisitions made in fiscal 1999 (one in Wisconsin and one in Mississippi, both in October 1998, one in New England and North Carolina in December 1998, one in Nevada in January 1999 and one in Wisconsin in April 1999).

Operating Costs. Operating costs increased to $216.0 million for the first thirty-nine weeks of fiscal 1999 as compared with $204.6 million for the same period of fiscal 1998 as a result of costs associated with increased revenues, but declined to 59.7% from 60.9% as a percentage of revenues for these periods. In July 1998, the Company changed the estimated service lives and related amortization periods for rental merchandise in service, from primarily 12 months to primarily 15 months, which is more consistent with their respective useful life (although the Company believes its principal publicly-held competitors amortize their garments over an average of 15 to 18 months). This was the primary reason for the improvement in operating costs as a percentage of revenues.

Selling and Administrative Expenses. The Company's selling and administrative expenses increased to $81.5 million, or 22.5% of revenues, for the first thirty-nine weeks of fiscal 1999 as compared with $73.2 million, or 21.8% of revenues, for the same period in fiscal 1998. This increase was due primarily to increased costs to support the Company's revenue growth, including professional sales training, expansion of its national accounts sales department and catalog and internet sales systems. The Company has also incurred increased costs to upgrade its information systems and people.

Depreciation and Amortization. The Company's depreciation and amortization expense increased to $23.2 million, or 6.4% of revenues, for the thirty-nine weeks of fiscal 1999 as compared with $19.2 million, or 5.7% of revenues, for the same period in fiscal 1998. This increase was due primarily to increased capital expenditures for the Company's new distribution center in Owensboro, KY, information systems hardware and software to upgrade certain Company-wide systems and increased amortization costs due to acquisitions.

Net Interest Expense. Net interest expense was $3.3 million, or 0.9% of revenues, for the first thirty-nine weeks of fiscal 1999 as compared to $1.7 million, or 0.5% of revenues, for the same period in fiscal 1998. The increase is primarily attributable to higher debt levels in fiscal 1999.

Income Taxes. The Company's effective income tax rate was 37.0% for the first thirty-nine weeks of fiscal 1999 and 36.0% for the same period in fiscal 1998. The increase is due primarily to reduced benefits from a corporate-owned life insurance program.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (continued)

FOR THE THIRTY-NINE WEEKS ENDED MAY 29, 1999

RESULTS OF OPERATIONS (continued)

Thirteen Weeks ended May 29,1999 Compared to Thirteen Weeks ended May 30, 1998

Revenues. Fiscal 1999 third quarter revenues increased $11.6 million or 10.2% to $125.7 million as compared with $114.1 million for the fiscal 1998 third quarter. This increase can be attributed to growth from existing operations (4.4%), acquisitions (4.8%) and price increases (1.0%). Growth from existing operations was primarily from the conventional uniform rental business (3.4%) and from the nuclear garment services business (1.0%). The increase in revenues from acquisitions resulted from one acquisition made in fiscal 1998 (in Alabama in June 1998) and five acquisitions made in fiscal 1999 (one in Wisconsin and one in Mississippi, both in October 1998, one in New England and North Carolina in December 1998, one in Nevada in January 1999 and one in Wisconsin in April 1999).

Operating Costs. Operating costs increased to $75.2 million for the third quarter of fiscal 1999 as compared with $69.3 million for the same period of fiscal 1998 as a result of costs associated with increased revenues, but declined to 59.8% from 60.8% as a percentage of revenues for these periods. In July 1998, the Company changed the estimated service lives and related amortization periods for rental merchandise in service, from primarily 12 months to primarily 15 months, which is more consistent with their respective useful life (although the Company believes its principal publicly-held competitors amortize their garments over an average of 15 to 18 months). This was the primary reason for the improvement in operating costs as a percentage of revenues.

Selling and Administrative Expenses. The Company's selling and administrative expenses increased to $28.7 million, or 22.8% of revenues, for the third quarter of fiscal 1999 as compared with $24.0 million, or 21.1% of revenues for the same period in fiscal 1998. This increase was due primarily to increased costs to support the Company's revenue growth, including professional sales training, expansion of its national accounts sales department and catalog and internet sales systems. The Company has also incurred increased costs to upgrade its information systems and people.

Depreciation and Amortization. The Company's depreciation and amortization expense increased to $8.1 million, or 6.5% of revenues, for the third quarter of fiscal 1999 as compared with $6.6 million, or 5.8% of revenues, for the same period in fiscal 1998. This increase was due primarily to increased capital expenditures for the Company's new distribution center in Owensboro, KY, information systems hardware and software to upgrade certain Company-wide systems and increased amortization costs due to acquisitions.

Net Interest Expense. Net interest expense was $1.4 million, or 1.1% of revenues, for the third quarter of fiscal 1999 as compared with $0.5 million, or 0.5% of revenues, for the same period in fiscal 1998. The increase is primarily attributable to higher debt levels in the fiscal 1999 quarter.

Income Taxes. The Company's effective income tax rate was 37.0% for the third quarter of fiscal 1999 and 36.0% for the same period in fiscal 1998. The increase is due primarily to reduced benefits from a corporate-owned life insurance program.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (continued)

FOR THE THIRTY-NINE WEEKS ENDED MAY 29, 1999

LIQUIDITY AND CAPITAL RESOURCES

Shareholders' equity at May 29, 1999 was $264.4 million, or 72.5% of total capitalization.

During the thirty-nine weeks ended May 29, 1999 net cash provided by operating activities ($42.7 million) and additional borrowings ($53.7 million) was primarily used for the acquisition of five businesses ($45.1 million), capital expenditures ($33.3 million), repurchase of common stock ($10.5 million), debt repayment ($3.5 million) and dividends ($1.9 million).

The Company had $3.3 million in cash and $26.0 million available on its $120 million unsecured line of credit with three banks as of May 29, 1999. The Company believes cash generated from operations and the Company's 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.

INFORMATION SYSTEMS; YEAR 2000

The statements in this section include "Year 2000 readiness disclosures" within the meaning of S2392 RS, Year 2000 Information and Readiness Disclosure Act (September 17, 1998).

The Company has made a substantial investment in its information systems and intends to spend significant amounts on its information systems in the future. The Company has evaluated Year 2000 (Y2K) issues concerning the ability of systems to properly recognize date sensitive information when the year changes to 2000. Systems that do not properly recognize such information could generate erroneous data or cause complete system failures.

INFORMATION SYSTEMS; YEAR 2000 (continued)

Based on an assessment conducted in early 1998, a Year 2000 project leader was appointed on April 15, 1998. Utilizing internal resources and consultants, the project leader manages the projects and reports weekly to the information systems director and Y2K project team.

State of Readiness: The Company regularly reviews the status of its active Year 2000 projects. The Company believes that its account management system, which is used primarily for customer billing, accounts receivable and sales taxes, and the materials management and catalog sales systems which were installed at its Owensboro, KY facility are Y2K compliant. Additionally, testing and review to verify Y2K compliance of these systems has been successful and is nearing completion. In February 1999, the Company installed a new third party payroll and human resources system which has been represented to be Y2K compliant. The Company has grouped the rest of its information systems and technology into 3 categories for its Y2K program: 1. Information Technology (computer hardware and software, including financial systems and electronic data interchange (EDI) interfaces); 2. Physical Plant (production equipment and facilities); 3. Extended Enterprise (suppliers and customers). The Company uses a five-step process to manage its Y2K program: 1. Inventory (identify items to be assessed for Y2K readiness); 2. Assessment (prioritize the inventoried items, assess and document their Y2K readiness and plan corrective actions); 3. Renovation/Upgrade (apply corrective actions); 4. Testing (verify corrective actions); 5. Implementation (implement new system). The Company has, at a minimum, reached the renovation/upgrade step on all projects, and has completed the implementation stage on all systems which are critical to its business operations. Of the remaining projects, many are currently being tested and well over half have been implemented. The Company expects that all projects will be completed by the end of August 1999, its fiscal year end.

Costs: The Company expects that the total cost of its Y2K program will range from $1.0 to $1.5 million. As of May 29, 1999 the Company had spent approximately $1.0 million. These costs do not include the account management, materials management, catalog sales and new payroll and human resources systems discussed above.

Risks of Y2K issues and Contingency Plans: Since the beginning of its Y2K program, the Company has focused its resources on the systems which are critical to its business operations. While the Company believes it is addressing the Y2K risks within its control, there are other risks, such as the effect that the Y2K issue may have on utilities and other suppliers, which are beyond the immediate control of the Company. Based on current information, the Company believes that the Y2K problem will not have a material adverse effect on the results of operations of the Company. There can, however, be no assurances that Y2K remediation by others, including suppliers, will be properly completed, and failure to do so could have a material adverse effect on the results of operations of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (continued)

FOR THE THIRTY-NINE WEEKS ENDED MAY 29, 1999

INFORMATION SYSTEMS; YEAR 2000 (continued)

To date our Extended Enterprise survey and review of key customers and suppliers has not revealed any Y2K risk. Contingency plans for all Y2K projects which are critical to the Company's business operations have been completed. These plans put procedures in place which maintain our key business processes should any failures occur.

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. Such factors include those indicated in the section entitled "Risk Factors" in the Company's Prospectus, dated March 18, 1998, as well as the risks and uncertainties relating to the centralization of certain of the Company's operations at its Owensboro, KY distribution facility, the Company's handling of the Year 2000 issue, and the Company's ability to control manufacturing and operating costs. When used in this quarterly report, the words "intend," "anticipate," "believe," "estimate," and "expect" and similar expressions as they relate to the Company are included to identify such forward looking statements.

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TEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For information regarding quantitative and qualitative disclosures about market risk, see the Company's discussion under Item 7A of its Annual Report on Form 10-K for the fiscal year ended August 29, 1998. Between August 29, 1998 and May 29, 1999, there were no material changes in the Company's market risk.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

(27) Financial Data Schedule

(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
Vice Chairman, President and
Chief Executive Officer

Date: July 13, 1999

/s/ JOHN B. BARTLETT

John B. Bartlett
Senior Vice President
and Chief Financial Officer

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF UNIFIRST CORPORATION FOR THE THIRTY-NINE WEEKS ENDED MAY 29, 1999, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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