Coffey Mark A
Form 3
November 07, 2011

FORM 3

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person [*]
Â Coffey Mark A
(Last) (First) (Middle)

1 HORMEL PLACE
(Street)

AUSTIN,Â MNÂ 55912-3680
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
11/03/2011

3. Issuer Name **and** Ticker or Trading Symbol
HORMEL FOODS CORP /DE/ [HRL]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	3,354.944 (1)	D	Â
Common Stock	724.221	I	401(k) Trust
Common Stock	3,863.835	I	JEPST Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security	4. Conversion or Exercise	5. Ownership Form of	6. Nature of Indirect Beneficial Ownership (Instr. 5)

	Date Exercisable	Expiration Date	(Instr. 4) Title	Amount or Number of Shares	Price of Derivative Security	Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	
Stock Options (Right to Buy)	Â (2)	12/02/2012	Common Stock	4,000	$ 11.175	D	Â
Stock Options (Right to Buy)	Â (3)	12/02/2013	Common Stock	4,000	$ 13.465	D	Â
Stock Options (Right to Buy)	Â (4)	12/07/2014	Common Stock	4,000	$ 15.035	D	Â
Stock Options (Right to Buy)	Â (5)	12/06/2015	Common Stock	4,000	$ 16.37	D	Â
Stock Options (Right to Buy)	Â (6)	12/05/2016	Common Stock	4,000	$ 19.355	D	Â
Stock Options (Right to Buy)	Â (7)	01/08/2017	Common Stock	200	$ 18.705	D	Â
Stock Options (Right to Buy)	Â (8)	12/04/2017	Common Stock	4,000	$ 20.07	D	Â
Stock Options (Right to Buy)	Â (9)	12/02/2018	Common Stock	4,000	$ 12.63	D	Â
Stock Options (Right to Buy)	Â (10)	12/01/2019	Common Stock	4,000	$ 19.125	D	Â
Stock Options (Right to Buy)	Â (11)	12/07/2020	Common Stock	4,000	$ 24.96	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Coffey Mark A 1 HORMEL PLACE AUSTIN,Â MNÂ 55912-3680	Â	Â	Â Vice President	Â

Signatures

Mark A. Coffey, By Power of Attorney	11/03/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) All share amounts reflect the stock split effective February 1, 2011.

(2) The option vested in four equal annual installments, with the first group Vesting on December 2, 2003.

(3) The option vested in four equal annual installments, with the first group Vesting on December 2, 2004.

(4) The option vested in four equal annual installments, with the first group Vesting on December 7, 2005.

(5) The option vested in four equal annual installments, with the first group Vesting on December 6, 2006.

(6) The option vested in four equal annual installments, with the first group Vesting on December 5, 2007.

(7) These options, received as the result of a universal stock option award, fully vested on December 15, 2010.

(8) The option vests in four equal annual installments, with the first group Vesting on December 4, 2008.

(9) The option vests in four equal annual installments, with the first group Vesting on December 2, 2009.

(10) The option vests in four equal annual installments, with the first group Vesting on December 1, 2010.

(11) The option vests in four equal annual installments, with the first group Vesting on December 7, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. width="3%" style="TEXT-ALIGN: right">8.2%

Operating expenses:

Cost of revenues (1)
176,233 63.3 157,025 61.9 12.2 339,468 61.5 306,249 60.1 10.8

Selling and administrative expenses (1)
58,614 21.0 52,423 20.7 11.8 113,797 20.6 103,895 20.4 9.5

Depreciation and amortization
5.7 30,089 5.9 4.9 250,922 90.1 224,481 88.5 11.8 484,842 87.9 440,233 86.4 10.1

Income from operations
27,673 9.9 29,081 11.5 -4.8 66,843 12.1 69,508 13.6 -3.8

Other expense (income)
1,329 0.5 2,423 1.0 -45.2 2,778 0.5 3,882 0.8 -28.4

Income before income taxes
26,344 9.5 26,658 10.5 -1.2 64,065 11.6 65,626 12.9 -2.4

Provision for income taxes
10,067 3.6 10,432 4.1 -3.5 24,024 4.4 25,824 5.1 -7.0

Net income
$16,277 5.8% $16,226 6.4% 0.3% $40,041 7.3% $39,802 7.8% 0.6%

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

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. The current challenging economic conditions continue to affect employment levels in the United States and Canada, which has a negative effect on wearer levels and, as a result, on our business.

As part of our recent revenue growth, we have been experiencing increased merchandise costs. This increase has been primarily due to our increased investment in merchandise to the levels needed to support our existing wearer base. During fiscal 2009 and early fiscal 2010, our results of operations benefitted from our utilization of used garments that our customers returned to us as a result of reductions in their workforces. Over the last few quarters, we

have put significantly more new garments into service to meet the day-to-day needs of our existing wearer base. In addition, increased new account sales, including some larger national accounts, have also required us to make a large initial investment in merchandise. Finally, certain OSHA regulations have mandated that many of our customers provide their employees with flame resistant garments, which are higher cost garments. These regulations, combined with an increase in oil prices that has positively impacted the wearer levels of certain of our customers, particularly in Texas, has caused us to place significantly more of these higher cost specialized garments into service. We expect the increase in merchandise costs to continue for at least the remainder of the fiscal year, which will have a negative effect on our margins throughout this period.

In addition, throughout the first half of fiscal 2011, the prices of cotton and oil-based fabrics have continued to increase. Unless these costs moderate, our results of operations may be negatively impacted.

The price of fuel and energy needed to run our vehicles and equipment is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns, limits on refining capacities, natural disasters and environmental concerns. As discussed below, the recent increases in fuel costs have had a negative impact on our delivery and production costs. At the current cost of fuel and energy, our results of operations may continue to be negatively affected for at least the balance of our fiscal year.

Thirteen weeks ended February 26, 2011 compared with thirteen weeks ended February 27, 2010

Revenues

(In thousands, except percentages)	February 26, 2011	February 27, 2010	Dollar Change	Percent Change
Core Laundry Operations	$ 246,868	$ 227,282	$ 19,586	8.6 %
Specialty Garments	23,516	19,428	4,088	21.0
First Aid	8,211	6,852	1,359	19.8
Consolidated total	$ 278,595	$ 253,562	$ 25,033	9.9 %

For the thirteen weeks ended February 26, 2011, our consolidated revenues increased by $25.0 million from the comparable period in fiscal 2010, or 9.9%. This increase was primarily driven by a $19.6 million increase in revenues in our core laundry operations. Core laundry revenues increased to $246.9 million for the thirteen weeks ended February 26, 2011 from $227.3 million for the comparable period of 2010, or 8.6%. This increase was primarily attributable to positive organic growth of 6.7%. 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. Our positive organic growth rate in our core laundry operations was accompanied by positive acquisition related growth of 1.5% and the effect of favorable fluctuations in the Canadian foreign exchange rate, which accounted for a 0.4% increase in revenue for the thirteen weeks ended February 26, 2011 compared to the comparable period in fiscal 2010.

Specialty Garments' revenues increased to $23.5 million in the second quarter of 2011 from $19.4 million in the comparable period of 2010, an increase of 21.0%. This increase was primarily due to increased revenue associated with ancillary services and Canadian reactor projects in addition to improved results from its cleanroom operations. First Aid revenues increased by $1.4 million, or 19.8%, as a result of better performance from the segment's wholesale distribution and pill packaging operations.

Cost of Revenues

Cost of revenues increased as a percentage of revenues from 61.9%, or $157.0 million for the thirteen weeks ended February 27, 2010, to 63.3%, or $176.2 million for the thirteen weeks ended February 26, 2011. The increase was

primarily the result of higher merchandise costs and state unemployment tax expense as a percentage of revenues, as well as the effect of higher fuel costs on our production and delivery costs. In addition, cost of revenues as a percent of revenues decreased for the Specialty Garments' segment due to the strong revenue growth in second quarter of fiscal 2011.

Selling and Administrative Expense

Our selling and administrative expenses increased from $52.4 million, or 20.7% of revenues, for the thirteen weeks ended February 27, 2010 to $58.6 million, or 21.0% of revenues, for the thirteen weeks ended February 26, 2011. This increase was due in part to a $1.2 million increase in share-based compensation expense related to a grant of restricted stock to our Chief Executive Officer in the third fiscal quarter of 2010, as well as higher payroll-related costs. These increases were partially offset by a $0.5 million accounting benefit we recognized in the thirteen weeks ended February 26, 2011 related to the effect of discount rate fluctuation on the value of our environmental liabilities. For the thirteen weeks ended February 26, 2011, compared to the comparable period in fiscal 2010, the continued growth of our sales force and overall selling costs was commensurate with our revenue growth.

Depreciation and Amortization

Our depreciation and amortization expense increased to $16.1 million for the thirteen weeks ended February 26, 2011 from $15.0 million for the thirteen weeks ended February 27, 2010. The increase in depreciation and amortization expense was due to capital expenditures and acquisition activity.

Income from Operations

For the thirteen weeks ended February 26, 2011 and February 27, 2010, changes in our revenues and costs as discussed above resulted in the following changes in our income from operations:

(In thousands, except percentages)	February 26, 2011	February 27, 2010	Dollar Change	Percent Change
Core Laundry Operations	$ 23,078	$ 26,790	$ (3,712)	-13.9 %
Specialty Garments	3,728	2,122	1,606	75.7
First Aid	867	169	698	411.8
Consolidated total	$ 27,673	$ 29,081	$ (1,408)	-4.8 %

Other Expense (income)

Other expense (income), which includes interest expense, interest income and foreign currency exchange (gain) loss, decreased by $1.1 million to $1.3 million for the thirteen weeks ended February 26, 2011 as compared with $2.4 million for the thirteen weeks ended February 27, 2010. This decrease was primarily due to a foreign exchange rate gain of $0.2 million in the thirteen weeks ended February 26, 2011 compared to a loss of $0.8 million in the comparable period of fiscal 2010.

Provision for Income Taxes

Our effective income tax rate was 38.2% for the thirteen weeks ended February 26, 2011, as compared to 39.1% for the thirteen weeks ended February 27, 2010. The decrease in fiscal 2011 was primarily due to decreases in the Canadian federal and provincial tax rates.

Twenty-six weeks ended February 26, 2011 compared with twenty-six weeks ended February 27, 2010

Revenues

(In thousands, except percentages)	February 26, 2011	February 27, 2010	Dollar Change	Percent Change
Core Laundry Operations	$ 485,559	$ 453,068	$ 32,491	7.2 %
Specialty Garments	49,327	42,305	7,022	16.6
First Aid	16,799	14,368	2,431	16.9
Consolidated total	$ 551,685	$ 509,741	$ 41,944	8.2 %

For the twenty-six weeks ended February 26, 2011, our consolidated revenues increased by $41.9 million from the comparable period in fiscal 2010, or 8.2%. The consolidated increase was primarily driven by a $32.5 million increase in our core laundry segments. Core laundry operations' revenues increased to $485.6 million for the twenty-six weeks ended February 26, 2011 from $453.1 million for the comparable period of fiscal 2010, an increase of 7.2%. The increase in our core laundry operations was primarily driven by organic growth of 5.4%, which 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. In addition, we benefitted from acquisition-related growth of 1.4% and favorable fluctuations in the Canadian exchange rate which accounted for an increase in revenue of 0.4% for the twenty-six weeks ended February 26, 2011.

Specialty Garments' revenues increased to $49.3 million in the twenty-six weeks ended February 26, 2011 from $42.3 million in the comparable period of 2010, an increase of 16.6%. This increase was primarily due to increased revenue associated with ancillary services and Canadian reactor projects in addition to improved results from its cleanroom operations. First Aid revenues increased by $2.4 million, or 16.9%, as a result of better performance from the segment's wholesale distribution and pill packaging operations.

Cost of Revenues

Cost of revenues increased from $306.2 million, or 60.1% of revenues, for the twenty-six weeks ended February 27, 2010 to $339.5 million, or 61.5% of revenues, for the twenty-six weeks ended February 26, 2011. The increase was primarily the result of an increase in merchandise costs as a percentage of revenues, as well as the effect of higher fuel costs on our production and delivery costs.

Selling and Administrative Expense

Our selling and administrative expenses increased from $103.9 million, or 20.4% of revenues, for the twenty-six weeks ended February 27, 2010 to $113.8 million, or 20.6% of revenues, for the twenty-six weeks ended February 26, 2011. This increase was primarily due to a $2.4 million increase in share-based compensation expense related to a grant of restricted stock to our Chief Executive officer in fiscal 2010. This increase was partially offset by a $1.3 million accounting benefit we recognized in the twenty-six weeks ended February 26, 2011 related to the effect of discount rate fluctuation on the value of our environmental liabilities as well as lower payroll-related costs as a percent of revenues. For the twenty-six weeks ended February 26, 2011 compared to the comparable period in fiscal 2010, the continued growth of our sales force and overall selling costs was commensurate with our revenue growth.

Depreciation and Amortization

Our depreciation and amortization expense increased to $31.6 million for the twenty-six weeks ended February 26, 2011 from $30.1 million for the twenty-six weeks ended February 27, 2010. The increase in depreciation and amortization expense was due to capital expenditures and acquisition activity.

Income from Operations

For the twenty-six weeks ended February 26, 2011 and February 27, 2010, the revenue growth in our operations, as well as the change in our costs as discussed above, resulted in the following changes in our income from operations:

(In thousands, except percentages)	February 26, 2011	February 27, 2010	Dollar Change	Percent Change
Core Laundry Operations	$ 57,492	$ 62,182	$ (4,690)	-7.5 %
Specialty Garments	7,757	6,735	1,022	15.2
First Aid	1,594	591	1,003	169.5
Consolidated total	$ 66,843	$ 69,508	$ (2,665)	-3.8 %

Other Expense (income)

Other expense (income), which includes interest expense, interest income and foreign currency exchange (gain) loss, was $2.8 million for the twenty-six weeks ended February 26, 2011 as compared with $3.9 million for the twenty-six weeks ended February 27, 2010. This decrease was primarily due to a foreign exchange rate gain of $0.4 million in the twenty-six weeks ended February 26, 2011 compared to a loss of $0.6 million in the comparable period of fiscal 2010.

Provision for Income Taxes

Our effective income tax rate was 37.5% for the twenty-six weeks ended February 26, 2011, as compared to 39.4% for the twenty-six weeks ended February 27, 2010. The decrease in fiscal 2011 was due to the reversal of tax contingency reserves related to the resolution of certain state tax audits as well as decreases in the Canadian federal and provincial tax rates.

Liquidity and Capital Resources

General

As of February 26, 2011, we had cash and cash equivalents of $107.5 million and working capital of $206.7 million. We believe that current cash and cash equivalent balances and 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 twenty-six weeks ended February 26, 2011, we generated cash from operating activities of $32.6 million, resulting primarily from net income of $40.0 million, net of non-cash amounts charged for depreciation, amortization and accretion of $32.3 million and share-based compensation for $3.5 million. We also generated cash as a result of increases in accounts payable and accruals of $1.7 million. These inflows were partially offset by increases in accounts receivable of $17.5 million, rental merchandise in-service of $10.2 million, inventories of $10.6 million, prepaid expenses of $1.3 million and decreases in accrued and deferred income taxes of $5.3 million. We used cash to, among other things, invest $31.2 million in capital expenditures and fund the acquisition of businesses in the amount of approximately $16.3 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 February 26, 2011, 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 February 26, 2011, we had no outstanding borrowings, letters of credit amounting to $39.2 million and $185.8 million available for borrowing under the Credit Agreement.

On June 14, 2004, we issued $165.0 million of fixed and floating rate notes pursuant to a Note Purchase Agreement (“Note Agreement”). Under the Note Agreement, we issued $75.0 million of notes with a seven year term (maturing June 2011) bearing interest at 5.27% (“Fixed Rate Notes”). 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 (“2006 Floating Rate Notes”) pursuant to a Note Purchase Agreement (“2006 Note Agreement”). The 2006 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 February 26, 2011, we were in compliance with all covenants under the 2004 Note Agreement, 2006 Note Agreement and the Credit Agreement.

Our Credit Agreement expires and our Fixed Rate Notes mature in 2011. We are currently in the process of evaluating refinancing alternatives. We believe that we will be able to enter into a new revolving credit facility agreement on terms satisfactory to us and that the repayment or refinancing of the Fixed Rate Notes will not adversely affect our financial condition. If we choose not to refinance, we would utilize our current cash reserves to satisfy this debt obligation. We believe that utilizing our cash in this manner would not negatively impact our liquidity or operations.

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, matured on March 14, 2011. We paid a fixed rate of 3.51% and received a variable rate tied to the three month LIBOR rate. We have accounted for this instrument as a cash flow hedge 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 on the interest rate swap, see Note 5, “Derivative Instruments and Hedging Activities”, of these 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. In addition, we are investigating potential contamination at our Landover, Maryland facility in response to a notice received in 2010 from the Maryland Department of Environment.

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. The United States Environmental Protection Agency (the "EPA") has provided us and other signatories to the consent decree with comments on the design and implementation of groundwater and soil remedies at the Woburn site and investigation of environmental conditions in the Central Area. 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. Our accruals represent 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 current risk-free interest rates. As of February 26, 2011, the risk-free interest rates we utilized ranged from 3.4% to 4.5%.

For environmental liabilities that have been discounted, we include interest accretion, based on the effective interest method, in selling and administrative expenses on the Consolidated Statements of Income. The changes to the amounts of our environmental liabilities for the twenty-six weeks ended February 26, 2011 are as follows (in thousands):

	February 26, 2011
Beginning balance as of August 28, 2010	$ 18,986
Costs incurred for which reserves have been provided	(1,161)
Insurance proceeds received	139
Interest accretion	341
Change in discount rates	(1,310)
Balance as of February 26, 2011	$ 16,995

Anticipated payments and insurance proceeds relating to currently identified environmental remediation liabilities as of February 26, 2011, for the next five fiscal years and thereafter, as measured in current dollars, are reflected below (in thousands).

Fiscal year ended August	2011	2012	2013	2014	2015	Thereafter	Total
Estimated costs – current dollars	$ 2,884	$ 3,061	$ 1,806	$ 934	$ 804	$ 13,002	$ 22,491
Estimated insurance proceeds	(18)	(180)	(150)	(180)	(150)	(2,048)	(2,726)
Net anticipated costs	$ 2,866	$ 2,881	$ 1,656	$ 754	$ 654	$ 10,954	$ 19,765
Effect of Inflation							7,644
Effect of Discounting							(10,414)
Balance as of February 26, 2011							$ 16,995

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 February 26, 2011, the balance in this escrow account, which is held in a trust and is not recorded in 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 February 26, 2011, 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 28, 2010.

Recent Accounting Pronouncements

In January 2010, the FASB issued revised guidance which requires additional disclosures about items transferring into and out of Levels 1 and 2 measurements in the fair value hierarchy, requires additional separate disclosures about purchases, sales, issuances, and settlements relative to Level 3 measurements, and clarifies, among other things, the existing fair value disclosures about the level of disaggregation. This pronouncement was effective for interim and annual financial periods beginning after December 15, 2009, except for the disclosures about purchases, sales,

issuances, and settlements relative to Level 3 measurements, which are effective for interim and annual financial periods beginning after December 15, 2010. We partially adopted this revised guidance on February 28, 2010, as required, and the adoption did not have a material impact on our Consolidated Financial Statements. We also do not expect the adoption of the delayed portion of the revised guidance to have a material impact on our 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 effects 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 both the thirteen and twenty-six weeks ended February 26, 2011, and total assets denominated in currencies other than the U.S. dollar represented approximately 11% and 10% of total consolidated assets at February 26, 2011 and August 28, 2010, respectively. If exchange rates had increased or decreased by 10% from the actual rates in effect during the thirteen and twenty-six weeks ended and as of February 26, 2011, our revenues would have increased or decreased by approximately $2.5 million and $5.0 million, respectively, and assets as of February 26, 2011 would have increased or decreased by approximately $12.5 million.

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 and twenty-six weeks ended February 26, 2011, transaction gains included in other expense (income) were approximately $0.2 million and $0.4 million, respectively. If the exchange rates had increased or decreased by 10% during the thirteen and twenty-six weeks ended February 26, 2011, 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 and twenty-six weeks ended February 26, 2011, our interest expense would have fluctuated by a nominal amount from the interest expense recognized for both the thirteen and twenty-six weeks ended February 26, 2011.

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, matured on March 14, 2011. We paid a fixed rate of 3.51% and received a variable rate tied to the three month LIBOR rate. We have accounted for this instrument as a cash flow hedge in accordance with U.S. 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.

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 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 second quarter of fiscal year 2011 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 28, 2010. 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 28, 2010, 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. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1 UniFirst Corporation 2010 Stock Option and Incentive Plan (previously filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on January 14, 2011 and incorporated herein by reference)

10.2 Form of Stock Appreciation Right Award Agreement for Company Employees under the UniFirst Corporation 2010 Stock Option and Incentive Plan (previously filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K on January 14, 2011 and incorporated herein by reference)

10.3 Form of Stock Appreciation Right Agreement for Non-Employee Directors under the UniFirst Corporation 2010 Stock Option and Incentive Plan (previously filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K on January 14, 2011 and incorporated herein by reference)

10.4 Form of Non-Qualified Stock Option Agreement for Company Employees under the UniFirst Corporation 2010 Stock Option and Incentive Plan (previously filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K on January 14, 2011 and incorporated herein by reference)

10.5 Form of Non-Qualified Stock Option Agreement for Non-Employee Directors under the UniFirst Corporation 2010 Stock Option and Incentive Plan (previously filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K on January 14, 2011 and incorporated herein by reference)

*	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

*** 101 The following materials from UniFirst Corporation's Quarterly Report on Form 10-Q for the quarter ended February 26, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated

Statements of Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements.

* Filed herewith

** Furnished herewith

*** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.

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 by the undersigned thereunto duly authorized.

UniFirst Corporation

April 7, 2011	By:	/s/ Ronald D. Croatti Ronald D. Croatti President and Chief Executive Officer
April 7, 2011	By:	/s/ Steven S. Sintros Steven S. Sintros Vice President and Chief Financial Officer

Explanation of Responses:

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