Anthem, Inc.
Form SC 13G
February 09, 2015

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No.)*

Anthem, Inc.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

036752103
(CUSIP Number)

December 31, 2014
(Date of Event Which Requires Filing of this Statement)

Check appropriate box to designate the rule pursuant to which this Schedule is filed:

þ Rule 13d-1(b)

¨ Rule 13d-1(c)

¨ Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 036752103

1. NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

Barrow, Hanley, Mewhinney & Strauss, LLC
752403190

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) ¨
(b) ¨

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

A Delaware limited liability company

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER
	6. SHARED VOTING POWER
	7. SOLE DISPOSITIVE POWER
	8. SHARED DISPOSITIVE POWER

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)

..

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

12. TYPE OF REPORTING PERSON (See Instructions)

IA

SCHEDULE 13G

Item 1(a)	Name of Issuer: Anthem, Inc.
1(b)	Address of Issuer's Principal Executive Offices: 120 Monument Circle Indianapolis, IN 46204
Item 2(a)	Name of Person Filing: Barrow, Hanley, Mewhinney & Strauss, LLC
2(b)	Address of Principal Business Office or, if none, Residence: 2200 Ross Avenue, 31st Floor Dallas, TX 75201-2761
2(c)	Citizenship: A Delaware limited liability company
2(d)	Title of Class of Securities Common Stock
2(e)	CUSIP Number: 036752103
Item 3	If this statement is filed pursuant to §§240.13d-1(b), or 240.13d-2(b) or (c), check whether the person filing is a:

(a)	¨	Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o);
(b)	¨	Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);
(c)	¨	Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c);
(d)	¨	Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);
(e)	þ	An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);

(f)	¨	An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
(g)	¨	A parent holding company or control person in accordance with §240.13d-1(b)(ii)(G);
(h)	¨	A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
(i)	¨	A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
(j)	¨	Group, in a accordance with §240.13d-1(b)(1)(ii)(J).

Item 4 Ownership:

4(a) Amount beneficially owned:

4(b) Percent of Class:

4(c) Number of shares as to which person has:

(i) Sole power to vote or to direct the vote:

(ii) Shared power to vote or to direct the vote:

(iii) Sole power to dispose or to direct the disposition of:

(iv) Shared power to dispose or to direct the disposition of:

Item 5 Ownership of Five Percent or Less of a Class:
Yes.

Item 6 Ownership of More than Five Percent on Behalf of Another Person:
The right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the common stock is held by certain clients of the reporting person, none of which has such right or power with respect to five percent or more of the common stock.

Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company:
Not Applicable.

Item 8 Identification and Classification of Members of the Group:
Not Applicable.

Item 9 Notice of Dissolution of Group:
Not Applicable.

Item 10 Certification:

By signing below the undersigned certifies that, to the best of its knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC

By: /s/ James P. Barrow
Name: James P. Barrow
Title: President

February 9, 2015

Page 4

t-size:10.0pt;">

Interest income	(394)	(314)	(972)	(673)
Interest expense	12,161	12,579	24,435	24,617

Income before income taxes	
	90,577
	94,124
	179,127
	181,336
Income taxes	

34,711

36,948

61,984

70,176

Net income

$

55,866

$

57,176

$

117,143

$

111,160

Basic earnings per share

$

0.38

$

0.37

$

0.78

$

0.72

Diluted earnings per share		
	$	0.38
	$	0.37
	$	0.78
	$	0.72

Dividends declared per share		
$		0.49
$		
$		0.49
$		

See accompanying notes.

Table of Contents

CINTAS CORPORATION

CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands except share data)

	November 30, 2010 (Unaudited)	May 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 260,953	$ 411,281
Marketable securities	23,624	154,806
Accounts receivable, net	402,369	366,301
Inventories, net	208,380	169,484
Uniforms and other rental items in service	364,556	332,106
Income taxes, current	13,765	15,691
Deferred income tax asset	53,346	52,415
Prepaid expenses and other	27,853	22,860
Total current assets	1,354,846	1,524,944
Property and equipment, at cost, net	923,535	894,522
Goodwill	1,435,352	1,356,925
Service contracts, net	104,751	103,445
Other assets, net	109,811	89,900
	$ 3,928,295	$ 3,969,736
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 92,206	$ 71,747
Accrued compensation and related liabilities	53,563	66,924
Accrued liabilities	321,209	244,402
Long-term debt due within one year	1,817	609
Total current liabilities	468,795	383,682
Long-term liabilities:		
Long-term debt due after one year	785,222	785,444
Deferred income taxes	145,079	150,560
Accrued liabilities	134,086	116,021
Total long-term liabilities	1,064,387	1,052,025
Shareholders equity:		
Preferred stock, no par value: 100,000 shares authorized, none outstanding		
Common stock, no par value: 425,000,000 shares authorized, FY 2011: 173,341,299 issued and 145,301,073 outstanding FY 2010: 173,207,493 issued and 152,869,848 outstanding	135,254	132,058
Paid-in capital	87,219	84,616
Retained earnings	3,125,411	3,080,079

Treasury stock: FY 2011: 28,040,226 shares FY 2010: 20,337,645 shares		(1,002,064)		(798,857)
Other accumulated comprehensive income		49,293		36,133
Total shareholders equity		2,395,113		2,534,029
	$	3,928,295	$	3,969,736

See accompanying notes.

CINTAS CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Six Months Ended	
	November 30, 2010	November 30, 2009
Cash flows from operating activities:		
Net income	$ 117,143	$ 111,160
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	74,563	75,899
Amortization of deferred charges	21,182	20,568
Stock-based compensation	5,799	7,571
Deferred income taxes	(6,277)	4,777
Change in current assets and liabilities, net of acquisitions of businesses:		
Accounts receivable, net	(27,774)	(12,843)
Inventories, net	(38,838)	34,874
Uniforms and other rental items in service	(30,639)	5,495
Prepaid expenses and other	(4,526)	(568)
Accounts payable	19,765	6,914
Accrued compensation and related liabilities	(13,458)	(1,646)
Accrued liabilities	(10,066)	25,246
Income taxes payable	2,355	16,728
Net cash provided by operating activities	109,229	294,175
Cash flows from investing activities:		
Capital expenditures	(88,134)	(48,092)
Proceeds from redemption of marketable securities	135,283	25,852
Purchase of marketable securities and investments	(12,472)	(53,060)
Acquisitions of businesses, net of cash acquired	(88,799)	(6,601)
Other, net	(6,858)	1,053
Net cash used in investing activities	(60,980)	(80,848)
Cash flows from financing activities:		
Proceeds from issuance of debt	1,781	
Repayment of debt	(794)	(321)
Repurchase of common stock	(203,207)	(959)
Other, net	1,699	(717)
Net cash used in financing activities	(200,521)	(1,997)
Effect of exchange rate changes on cash and cash equivalents	1,944	939
Net (decrease) increase in cash and cash equivalents	(150,328)	212,269
Cash and cash equivalents at beginning of period	411,281	129,745

Cash and cash equivalents at end of period	$	260,953	$	342,014

See accompanying notes.

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation

The consolidated condensed financial statements of Cintas Corporation (Cintas, the Company, we, us or our) included herein have been prepared by Cintas, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to such rules and regulations. While we believe that the disclosures are adequately presented, it is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and notes included in our Form 10-K for the fiscal year ended May 31, 2010. A summary of our significant accounting policies is presented beginning on page 39 of that report. There have been no material changes in the accounting policies followed by Cintas during the current fiscal year.

Interim results are subject to variations and are not necessarily indicative of the results of operations for a full fiscal year. In the opinion of management, adjustments (which include only normal recurring adjustments) necessary for a fair statement of the consolidated results of the interim periods shown have been made.

2. Fair Value Measurements

Financial Accounting Standards Board Accounting Standard Codification Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. It also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

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

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Cintas assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

All financial instruments that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the consolidated condensed balance sheet date.

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

These financial instruments measured at fair value on a recurring basis are summarized below (in thousands):

	As of November 30, 2010			
	Level 1	Level 2	Level 3	Fair Value
Cash and cash equivalents	$ 260,953	$	$	$ 260,953
Marketable securities:				
U.S. municipal bonds		941		941
Canadian treasury securities	22,184	499		22,683
Accounts receivable, net		19		19
Total assets at fair value	$ 283,137	$ 1,459	$	$ 284,596
Current Accrued Liabilities	$	$ 12	$	$ 12
Total Liabilities	$	$ 12	$	$ 12

	As of May 31, 2010			
	Level 1	Level 2	Level 3	Fair Value
Cash and cash equivalents	$ 411,281	$	$	$ 411,281
Marketable securities:				
U.S. municipal bonds		21,954		21,954
Canadian treasury securities	97,791	35,061		132,852
Accounts receivable, net		450		450
Total assets at fair value	$ 509,072	$ 57,465	$	$ 566,537
Current accrued liabilities	$	$ 64	$	$ 64
Total liabilities at fair value	$	$ 64	$	$ 64

Cintas cash and cash equivalents and marketable securities are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Cintas does not adjust the quoted market price for such financial instruments.

The funds invested in Canadian marketable securities are not expected to be repatriated, but instead are expected to be invested indefinitely in foreign subsidiaries. Interest, realized gains and losses and declines in value determined to be other than temporary on available-for-sale securities are included in interest income or expense. The cost of the securities sold is based on the specific identification method. The amortized cost basis of the marketable securities as of November 30, 2010 and May 31, 2010, is $23.6 million and $154.9 million, respectively. All contractual maturities are due within one year.

Accounts receivable, net and current accrued liabilities include foreign currency average rate options. The fair value of Cintas foreign currency average rate options are based on similar exchange traded derivatives and are, therefore, included within Level 2 of the fair value hierarchy.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Cintas believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the consolidated condensed balance sheet date.

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

3. Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share using the two-class method for amounts attributable to Cintas common shares (in thousands except per share data):

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009	Six Months Ended November 30, 2010	Six Months Ended November 30, 2009
Basic Earnings per Share Net income	$ 55,866	$ 57,176	$ 117,143	$ 111,160
Less dividends to:				
Common shares	$ 71,197	$	$ 71,197	$
Unvested shares	683		683	
Total dividends	$ 71,880	$	$ 71,880	$
Undistributed net (loss) income	$ (16,014)	$ 57,176	$ 45,263	$ 111,160
Less: net (loss) income allocated to participating unvested securities	(74)	226	204	362
Net (loss) income available to common shareholders	$ (15,940)	$ 56,950	$ 45,059	$ 110,798
Basic weighted average common shares outstanding	145,511	152,866	148,856	152,847
Basic earnings per share:				
Common shares distributed earnings	$ 0.49	$ 0.00	$ 0.49	$ 0.00
Common shares undistributed earnings	(0.11)	0.37	0.29	0.72
Total common shares	$ 0.38	$ 0.37	$ 0.78	$ 0.72
Unvested shares - distributed earnings	$ 0.49	$ 0.00	$ 0.49	$ 0.00
Unvested shares - undistributed earnings	(0.11)	0.37	0.29	0.72
Total unvested shares	$ 0.38	$ 0.37	$ 0.78	$ 0.72

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

(In thousands except per share data)

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009	Six Months Ended November 30, 2010	Six Months Ended November 30, 2009
Diluted Earnings per Share				
Net income	$ 55,866	$ 57,176	$ 117,143	$ 111,160
Less dividends to:				
Common shares	$ 71,197	$	$ 71,197	$
Unvested shares	683		683	
Total dividends	$ 71,880	$	$ 71,880	$
Undistributed net (loss) income	$ (16,014)	$ 57,176	$ 45,263	$ 111,160
Less: net (loss) income allocated to participating unvested securities	(74)	226	204	362
Net (loss) income available to common shareholders	$ (15,940)	$ 56,950	$ 45,059	$ 110,798
Basic weighted average common shares outstanding	145,511	152,866	148,856	152,847
Effect of dilutive securities employee stock options				
Diluted weighted average common shares outstanding	145,511	152,866	148,856	152,847
Diluted earnings per share:				
Common shares distributed earnings	$ 0.49	$ 0.00	$ 0.48	$ 0.00
Common shares undistributed earnings	(0.11)	0.37	0.29	0.72
Total common shares	$ 0.38	$ 0.37	$ 0.78	$ 0.72
Unvested shares - distributed earnings	$ 0.48	$ 0.00	$ 0.48	$ 0.00
Unvested shares - undistributed earnings	(0.11)	0.37	0.29	0.72
Total unvested shares	$ 0.38	$ 0.37	$ 0.78	$ 0.72

During the six months ended November 30, 2010, Cintas purchased 7,656,193 shares of Cintas common stock under a share buyback program authorized by the Board of Directors on May 2, 2005, and expanded in July 2006.

For the three months ended November 30, 2010 and 2009, 3.5 million and 3.6 million options granted to purchase shares of Cintas common stock were excluded from the computation of diluted earnings per share. For the six months ended November 30, 2010 and 2009, 3.9 million and 4.4 million options granted to purchase shares of Cintas common stock were excluded from the computation of diluted earnings per share. The exercise prices of these options were greater than the average market price of the common shares (anti-dilutive).

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

4. Goodwill, Service Contracts and Other Assets

Changes in the carrying amount of goodwill and service contracts for the six months ended November 30, 2010, by operating segment, are as follows (in thousands):

	Rental Uniforms & Ancillary Products	Uniform Direct Sales	First Aid, Safety & Fire Protection	Document Management	Total
Goodwill					
Balance as of June 1, 2010	$ 861,117	$ 23,928	$ 181,967	$ 289,913	$ 1,356,925
Goodwill acquired	23,443		17,997	34,904	76,344
Foreign currency translation	577	30		1,476	2,083
Balance as of November 30, 2010	$ 885,137	$ 23,958	$ 199,964	$ 326,293	$ 1,435,352

	Rental Uniforms & Ancillary Products	Uniform Direct Sales	First Aid, Safety & Fire Protection	Document Management	Total
Service Contracts					
Balance as of June 1, 2010	$ 48,711	$	$ 35,599	$ 19,135	$ 103,445
Service contracts acquired	3,664		7,327	6,038	17,029
Service contracts amortization	(9,363)		(3,376)	(4,026)	(16,765)
Foreign currency translation	809			233	1,042
Balance as of November 30, 2010	$ 43,821	$	$ 39,550	$ 21,380	$ 104,751

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

Information regarding Cintas service contracts and other assets is as follows (in thousands):

	As of November 30, 2010		
	Carrying Amount	Accumulated Amortization	Net
Service contracts	$ 364,653	$ 259,902	$ 104,751
Noncompete and consulting agreements	$ 73,770	$ 58,701	$ 15,069
Investments(1)	80,302		80,302
Other	19,110	4,670	14,440
Total	$ 173,182	$ 63,371	$ 109,811

	As of May 31, 2010		
	Carrying Amount	Accumulated Amortization	Net
Service contracts	$ 346,569	$ 243,124	$ 103,445
Noncompete and consulting agreements	$ 68,435	$ 53,425	$ 15,010
Investments(1)	68,616		68,616
Other	10,516	4,242	6,274
Total	$ 147,567	$ 57,667	$ 89,900

(1) Investments at November 30, 2010, include the cash surrender value of insurance policies of $46.0 million, equity method investments of $30.0 million and cost method investments of $4.3 million. Investments at May 31, 2010, include the cash surrender value of insurance policies of $34.3 million, equity method investments of $30.0 million and cost method investments of $4.3 million.

Amortization expense was $21.2 million and $20.6 million for the six months ended November 30, 2010 and 2009, respectively. Estimated amortization expense, excluding any future acquisitions, for each of the next five years is $40.0 million, $33.7 million, $17.1 million, $13.9 million and $11.2 million, respectively.

Investments recorded using the cost method are evaluated for impairment on an annual basis or when indicators of impairment are identified. For the six months ended November 30, 2010 and 2009, no losses due to impairment were recorded.

5. Debt, Derivatives and Hedging Activities

As of August 31, 2010, Cintas had a commercial paper program with availability of $600.0 million that was fully supported by a backup revolving credit facility through a credit agreement with its banking group. The revolving credit facility had an expiration date of February, 2011. This revolving credit facility was renewed on September 27, 2010, with reduced availability of $300.0 million, an accordion feature that allows for a maximum borrowing capacity of $450.0 million and an expiration date of September 26, 2014. As of November 30, 2010 and May 31, 2010, Cintas had no commercial paper outstanding.

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

Cintas used interest rate lock agreements to hedge against movements in the treasury rates at the time Cintas issued its senior notes in fiscal 2002, fiscal 2007 and fiscal 2008. The amortization of the interest rate lock agreements resulted in an increase to other comprehensive income of $0.2 million for both of the three months ended November 30, 2010 and November 30, 2009, respectively, and $0.4 million for both of the six months ended November 30, 2010 and November 30, 2009, respectively.

To hedge the exposure of movements in the foreign currency rates, Cintas at times uses foreign currency hedges. These hedges would reduce the impact on cash flows from movements in the foreign currency exchange rates. Examples of foreign currency hedge instruments that Cintas may use are average rate options and forward contracts. Cintas had average rate options included in accounts receivable, net of less than $0.1 million and $0.5 million as of November 30, 2010 and May 31, 2010, respectively. Cintas also had average rate options included in current accrued liabilities of less than $0.1 million and $0.1 million as of November 30, 2010 and May 31, 2010, respectively. The average rate options that settled during the second quarter decreased foreign currency exchange costs by less than $0.1 million during the three months ended November 30, 2010, and increased foreign currency exchange costs by $0.1 million during the three months ended November 30, 2009. The average rate options decreased foreign currency exchange costs by less than $0.1 million during the six months ended November 30, 2010, and increased foreign currency exchange costs by $0.1 million during the six months ended November 30, 2009.

Cintas has certain covenants related to debt agreements. These covenants limit Cintas ability to incur certain liens, to engage in sale-leaseback transactions and to merge, consolidate or sell all or substantially all of Cintas assets. These covenants also require Cintas to maintain certain debt to capitalization and interest coverage ratios. Cross-default provisions exist between certain debt instruments. If a default of a significant covenant were to occur, the default could result in an acceleration of the maturity of the indebtedness, impair liquidity and limit the ability to raise future capital. As of November 30, 2010, Cintas was in compliance with all significant debt covenants.

6. Income Taxes

In the normal course of business, Cintas provides for uncertain tax positions and the related interest and adjusts its unrecognized tax benefits and accrued interest accordingly. During the three months ended November 30, 2010, unrecognized tax benefits increased by approximately $1.2 million and accrued interest increased by approximately $0.9 million due to the accrual of additional tax and interest. During the six months ended November 30, 2010, unrecognized tax benefits increased by approximately $2.5 million and accrued interest decreased by approximately $7.9 million due to the expiration of certain statutes.

All U.S. federal income tax returns are closed to audit through fiscal 2008. Cintas is currently in advanced stages of audits in certain foreign jurisdictions and certain domestic states. The years under audit cover fiscal years back to 2000. Based on the resolution of the various audits, it is reasonably possible that the balance of unrecognized tax benefits could decrease by $4.3 million for the fiscal year ending May 31, 2011.

12

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

7. Comprehensive Income

Total comprehensive income represents the net change in shareholders equity during a period from sources other than transactions with shareholders and, as such, includes net income. For Cintas, the only components of total comprehensive income are the change in cumulative foreign currency translation adjustments, the change in the fair value of derivatives, the amortization of interest rate lock agreements and the change in the fair value of available-for-sale securities. The components of comprehensive income for the three and six month periods ended November 30, 2010 and November 30, 2009, are as follows (in thousands):

	Three Months Ended November 30,		Six Months Ended November 30,	
	2010	2009	2010	2009
Net income	$ 55,866	$ 57,176	$ 117,143	$ 111,160
Other comprehensive income:				
Foreign currency translation adjustment	10,025	9,797	13,374	10,526
Change in fair value of derivatives*	(19)	(92)	(625)	(23)
Amortization of interest rate lock agreements	191	191	383	383
Change in fair value of available-for-sale securities**	1	31	28	18
Comprehensive income	$ 66,064	$ 67,103	$ 130,303	$ 122,064

* Net of less than $0.1 million of tax benefit for both the three months ended November 30, 2010 and November 30, 2009. Net of $0.4 million of tax benefit and net of less than $0.1 million of tax benefit for the six months ending November 30, 2010 and November 30, 2009, respectively.

** Net of less than $0.1 million of tax expense for both the three months ended November 30, 2010 and November 30, 2009. Net of less than $0.1 million of tax expense for the six months ended November 30, 2010 and November 30, 2009, respectively.

8. Litigation and Other Contingencies

Cintas is subject to legal proceedings, insurance receipts, legal settlements and claims arising from the ordinary course of its business, including personal injury, customer contract, environmental and employment claims. In the opinion of management, the aggregate liability, if any, with respect to such ordinary course of business actions will not have a material adverse effect on the financial position or results of operation of Cintas. Cintas is party to additional litigation not considered in the ordinary course of business, including the litigation discussed below.

Cintas is a defendant in a purported class action lawsuit, *Mirna E. Serrano, et al. v. Cintas Corporation (Serrano)*, filed on May 10, 2004, and pending in the United States District Court, Eastern District of Michigan, Southern Division. The *Serrano* plaintiffs alleged that Cintas discriminated against women in hiring into various service sales representative positions across all divisions of Cintas. On November 15, 2005, the Equal Employment Opportunity Commission (EEOC) intervened in the *Serrano* lawsuit. The *Serrano* plaintiffs seek injunctive relief, compensatory damages, punitive damages, attorneys fees and

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

other remedies. On October 27, 2008, the United States District Court in the Eastern District of Michigan granted summary judgment in favor of Cintas limiting the scope of the putative class in the *Serrano* lawsuit to female applicants for service sales representative positions at Cintas locations within the state of Michigan. Consequently, all claims brought by female applicants for service sales representative positions outside of the state of Michigan were dismissed. Similarly, any claims brought by the EEOC on behalf of similarly situated female applicants outside of the state of Michigan have also been dismissed from the *Serrano* lawsuit. Cintas is a defendant in another purported class action lawsuit, *Blanca Nelly Avalos, et al. v. Cintas Corporation (Avalos)*, which was filed in the United States District Court, Eastern District of Michigan, Southern Division. The *Avalos* plaintiffs alleged that Cintas discriminated against women, African-Americans and Hispanics in hiring into various service sales representative positions in Cintas Rental division only throughout the United States. The *Avalos* plaintiffs sought injunctive relief, compensatory damages, punitive damages, attorneys fees and other remedies. The claims in *Avalos* originally were brought in the lawsuit captioned *Robert Ramirez, et al. v. Cintas Corporation (Ramirez)*, filed on January 20, 2004, in the United States District Court, Northern District of California, San Francisco Division. On May 11, 2006, the *Ramirez* and *Avalos* African-American, Hispanic and female failure to hire into service sales representative positions claims and the EEOC s intervention were consolidated for pretrial purposes with the *Serrano* case and transferred to the United States District Court for the Eastern District of Michigan, Southern Division. The consolidated case was known as *Mirna E. Serrano/Blanca Nelly Avalos, et al. v. Cintas Corporation (Serrano/Avalos)*. On March 31, 2009, the United States District Court, Eastern District of Michigan, Southern Division entered an order denying class certification to all plaintiffs in the *Serrano/Avalos* lawsuits. Following denial of class certification, the Court permitted the individual *Avalos* and *Serrano* plaintiffs to proceed separately. In the *Avalos* case, the court dismissed the remaining claims of the individual plaintiffs who remained in that case after the denial of class certification. On May 11, 2010, Plaintiff Tanesha Davis, on behalf of all similarly situated plaintiffs in the *Avalos* case, filed a notice of appeal of the District Court s summary judgment order in the United States Court of Appeals for the Sixth Circuit. The Appellate Court has made no determination regarding the merits of Davis appeal. In September 2010, the Court in *Serrano* dismissed all private individual claims and all claims of the EEOC and the 13 individuals it claimed to represent. The time for appeal has not yet expired on these *Serrano* dismissals, but, as of the date of this disclosure, no appeal has been taken.

The litigation discussed above, if decided or settled adversely to Cintas, may, individually or in the aggregate, result in liability material to Cintas consolidated financial condition or results of operation and could increase costs of operations on an ongoing basis. Any estimated liability relating to these proceedings is not determinable at this time. Cintas may enter into discussions regarding settlement of these and other lawsuits, and may enter into settlement agreements if it believes such settlement is in the best interest of Cintas shareholders.

Cintas is a defendant in a purported class action lawsuit, *Paul Veliz, et al. v. Cintas Corporation (Veliz)*, filed on March 19, 2003, in the United States District Court, Northern District of California, Oakland Division, alleging that Cintas violated certain federal and state wage and hour laws applicable to its service sales representatives, whom Cintas considers exempt employees, and asserting additional related ERISA claims. On April 5, 2004 and February 14, 2006, the Court stayed the claims of all plaintiffs with valid arbitration agreements pending arbitration of those claims. Claims made in the *Veliz* action, therefore, are pending before the United States District Court, Northern District of California and Judge Bruce Meyerson (Ret.), an Arbitrator selected by the parties. On August 5, 2009, the parties in the *Veliz* action reached a settlement in principle. When the settlement is fully documented and approved by the Court, the settlement will resolve all claims now pending or that could have been brought relating to the subject matter of the case before the Court and the Arbitrator. The principal terms of the settlement provide for an aggregate cash payment of approximately $24.0 million, which is accrued in current accrued liabilities at November 30, 2010. The pre-tax impact, net of insurance proceeds, was $19.5 million.

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

During the second quarter of fiscal 2010, Cintas had legal settlements that totaled $4.1 million, net of insurance proceeds. None of these settlements were significant individually. These settlements included litigation related to multiple subjects including employment practices and insurance coverage.

9. Segment Information

Cintas classifies its businesses into four operating segments. The Rental Uniforms and Ancillary Products operating segment consists of the rental and servicing of uniforms and other garments including flame resistant clothing, mats, mops and shop towels and other ancillary items. In addition to these rental items, restroom cleaning services and supplies and tile and carpet cleaning services are also provided within this operating segment. The Uniform Direct Sales operating segment consists of the direct sale of uniforms and related items and branded promotional products. The First Aid, Safety and Fire Protection Services operating segment consists of first aid, safety and fire protection products and services. The Document Management Services operating segment consists of document destruction, document imaging and document retention services.

Cintas evaluates the performance of each operating segment based on several factors of which the primary financial measures are operating segment revenue and income before income taxes. The accounting policies of the operating segments are the same as those described in Note 1 entitled Basis of Presentation. Information related to the operations of Cintas operating segments is set forth below (in thousands):

	Rental Uniforms & Ancillary Products	Uniform Direct Sales	First Aid, Safety & Fire Protection	Document Management	Corporate	Total
For the three months ended November 30, 2010						
Revenue	$ 657,847	$ 108,789	$ 93,315	$ 76,615	$	$ 936,566
Income (loss) before income taxes	$ 78,112	$ 13,279	$ 5,107	$ 5,846	$ (11,767)	$ 90,577
For the three months ended November 30, 2009						
Revenue	$ 643,597	$ 99,434	$ 81,557	$ 59,921	$	$ 884,509
Income (loss) before income taxes	$ 91,881	$ 10,475	$ 3,018	$ 5,067	$ (16,317)	$ 94,124
As of and for the six months ended November 30, 2010						
Revenue	$ 1,315,411	$ 207,569	$ 186,849	$ 150,641	$	$ 1,860,470
Income (loss) before income taxes	$ 156,330	$ 23,126	$ 8,885	$ 14,249	$ (23,463)	$ 179,127
Total assets	$ 2,434,313	$ 262,810	$ 360,908	$ 585,687	$ 284,577	$ 3,928,295

As of and for the six months ended November 30, 2009												
Revenue	$	1,299,235	$	188,735	$	171,558	$	116,550	$		$	1,776,078
Income (loss) before income taxes	$	194,334	$	18,564	$	8,805	$	7,106	$	(47,473)	$	181,336
Total assets	$	2,475,877	$	141,920	$	311,870	$	476,441	$	480,240	$	3,886,348

Table of Contents

CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

10. Supplemental Guarantor Information

Cintas Corporation No. 2 (Corp. 2) is the indirectly, wholly-owned principal operating subsidiary of Cintas. Corp. 2 is the issuer of the $775.0 million of long-term notes, which are unconditionally guaranteed, jointly and severally, by Cintas and its wholly-owned, direct and indirect domestic subsidiaries.

As allowed by SEC rules, the following condensed consolidating financial statements are provided as an alternative to filing separate financial statements of the guarantors. Each of the subsidiaries presented in the condensed consolidating financial statements has been fully consolidated in Cintas consolidated financial statements. The condensed consolidating financial statements should be read in conjunction with the consolidated financial statements of Cintas and notes thereto of which this note is an integral part.

Condensed consolidating financial statements for Cintas, Corp. 2, the subsidiary guarantors and non-guarantors are presented on the following pages.

Table of Contents

CONDENSED CONSOLIDATING INCOME STATEMENT

THREE MONTHS ENDED NOVEMBER 30, 2010

(In thousands)

	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Revenue:						
Rental uniforms and ancillary products	$	$ 505,557	$ 131,978	$ 47,427	$ (27,115)	$ 657,847
Other services		341,415	136,664	28,737	(228,097)	278,719
Equity in net income of affiliates	55,866				(55,866)	
	55,866	846,972	268,642	76,164	(311,078)	936,566
Costs and expenses (income):						
Cost of rental uniforms and ancillary products		329,017	76,972	32,738	(61,256)	377,471
Cost of other services		225,797	115,067	17,317	(189,734)	168,447
Selling and administrative expenses		251,458	16,374	21,860	(1,388)	288,304
Operating income	55,866	40,700	60,229	4,249	(58,700)	102,344
Interest income		(159)	(189)	(46)		(394)
Interest expense (income)		12,813	(668)	16		12,161
Income before income taxes	55,866	28,046	61,086	4,279	(58,700)	90,577
Income taxes		9,661	23,843	1,209	(2)	34,711
Net income	$ 55,866	$ 18,385	$ 37,243	$ 3,070	$ (58,698)	$ 55,866

Table of Contents

CONDENSED CONSOLIDATING INCOME STATEMENT

THREE MONTHS ENDED NOVEMBER 30, 2009

(In thousands)

	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Revenue:						
Rental uniforms and ancillary products	$	$ 494,833	$ 130,484	$ 45,283	$ (27,003)	$ 643,597
Other services		302,077	81,362	16,173	(158,700)	240,912
Equity in net income of affiliates	57,176				(57,176)	
	57,176	796,910	211,846	61,456	(242,879)	884,509
Costs and expenses (income):						
Cost of rental uniforms and ancillary products		336,163	79,385	27,500	(79,320)	363,728
Cost of other services		177,729	69,720	10,545	(107,060)	150,934
Selling and administrative expenses		346,099	(101,836)	15,405	(262)	259,406
Legal settlements, net of insurance proceeds			4,052			4,052
Operating income	57,176	(63,081)	160,525	8,006	(56,237)	106,389
Interest income			(248)	(66)		(314)
Interest expense (income)		12,763	(200)	16		12,579
Income before income taxes	57,176	(75,844)	160,973	8,056	(56,237)	94,124
Income taxes		(35,690)	69,889	2,749		36,948
Net income	$ 57,176	$ (40,154)	$ 91,084	$ 5,307	$ (56,237)	$ 57,176

Table of Contents

CONDENSED CONSOLIDATING INCOME STATEMENT

SIX MONTHS ENDED NOVEMBER 30, 2010

(In thousands)

	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Revenue:						
Rental uniforms and ancillary products	$	$ 1,012,908	$ 264,212	$ 93,807	$ (55,516)	$ 1,315,411
Other services		672,360	258,574	51,517	(437,392)	545,059
Equity in net income of affiliates	117,143				(117,143)	
	117,143	1,685,268	522,786	145,324	(610,051)	1,860,470
Costs and expenses (income):						
Cost of rental uniforms and ancillary products		652,149	156,553	62,558	(122,274)	748,986
Cost of other services		439,511	217,859	31,517	(361,722)	327,165
Selling and administrative expenses		525,667	16,752	41,847	(2,537)	581,729
Operating income	117,143	67,941	131,622	9,402	(123,518)	202,590
Interest income		(354)	(470)	(100,179)	100,031	(972)
Interest expense (income)		25,411	(990)	14		24,435
Income before income taxes	117,143	42,884	133,082	109,567	(223,549)	179,127
Income taxes		13,170	40,870	7,941	3	61,984
Net income	$ 117,143	$ 29,714	$ 92,212	$ 101,626	$ (223,552)	$ 117,143

Table of Contents

CONDENSED CONSOLIDATING INCOME STATEMENT

SIX MONTHS ENDED NOVEMBER 30, 2009

(In thousands)

	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Revenue:						
Rental uniforms and ancillary products	$	$ 998,683	$ 264,704	$ 88,453	$ (52,605)	$ 1,299,235
Other services		598,844	154,823	30,380	(307,204)	476,843
Equity in net income of affiliates	111,160				(111,160)	
	111,160	1,597,527	419,527	118,833	(470,969)	1,776,078
Costs and expenses (income):						
Cost of rental uniforms and ancillary products		626,402	159,671	53,323	(112,739)	726,657
Cost of other services		395,888	133,523	19,118	(251,750)	296,779
Selling and administrative expenses		597,128	(104,762)	30,342	1,125	523,833
Legal settlements, net of insurance proceeds			23,529			23,529
Operating income	111,160	(21,891)	207,566	16,050	(107,605)	205,280
Interest income			(531)	(142)		(673)
Interest expense (income)		25,482	(882)	17		24,617
Income before income taxes	111,160	(47,373)	208,979	16,175	(107,605)	181,336
Income taxes		(26,014)	90,747	5,443		70,176
Net income	$ 111,160	$ (21,359)	$ 118,232	$ 10,732	$ (107,605)	$ 111,160

Table of Contents

CONDENSED CONSOLIDATING BALANCE SHEET

AS OF NOVEMBER 30, 2010

(In thousands)

	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$	$ 42,387	$ 90,859	$ 127,707	$	$ 260,953
Marketable securities			941	22,683		23,624
Accounts receivable, net		288,898	78,663	34,808		402,369
Inventories, net		172,010	27,874	10,907	(2,411)	208,380
Uniforms and other rental items in service		282,998	77,440	30,000	(25,882)	364,556
Income taxes, current (payable)		(4,254)	486	17,533		13,765
Deferred income tax asset (liability)			55,723	(2,377)		53,346
Prepaid expenses and other		5,449	18,458	3,946		27,853
Total current assets		787,488	350,444	245,207	(28,293)	1,354,846
Property and equipment, at cost, net		583,900	262,086	77,549		923,535
Goodwill			1,356,331	79,021		1,435,352
Service contracts, net		97,415	839	6,497		104,751
Other assets, net	1,880,573	1,630,702	821,743	363,412	(4,586,619)	109,811
	$ 1,880,573	$ 3,099,505	$ 2,791,443	$ 771,686	$ (4,614,912)	$ 3,928,295
Liabilities and Shareholders Equity						
Current liabilities:						
Accounts (receivable) payable	$ (465,247)	$ 194,410	$ 327,244	$ (2,224)	$ 38,023	$ 92,206
Accrued compensation and related liabilities		37,701	12,579	3,283		53,563
Accrued liabilities		61,786	224,525	34,898		321,209
Long-term debt due within one year		843	974			1,817
Total current liabilities	(465,247)	294,740	565,322	35,957	38,023	468,795
Long-term liabilities:						
Long-term debt due after one year		795,008	(9,786)			785,222
Deferred income taxes			139,911	5,168		145,079
Accrued liabilities			133,473	613		134,086
Total long-term liabilities		795,008	263,598	5,781		1,064,387
Total shareholders equity	2,345,820	2,009,757	1,962,523	729,948	(4,652,935)	2,395,113
	$ 1,880,573	$ 3,099,505	$ 2,791,443	$ 771,686	$ (4,614,912)	$ 3,928,295

Table of Contents

CONDENSED CONSOLIDATING BALANCE SHEET

AS OF MAY 31, 2010

(In thousands)

	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$	$ 34,905	$ 339,702	$ 36,674	$	$ 411,281
Marketable securities			21,954	132,852		154,806
Accounts receivable, net		265,594	74,256	26,451		366,301
Inventories, net		144,826	16,857	9,420	(1,619)	169,484
Uniforms and other rental items in service		256,398	70,489	25,514	(20,295)	332,106
Income taxes, current (payable)		5,306	(591)	10,976		15,691
Deferred tax asset (liability)			54,474	(2,059)		52,415
Prepaid expenses and other		5,565	15,808	1,487		22,860
Total current assets		712,594	592,949	241,315	(21,914)	1,524,944
Property and equipment, at cost, net		591,040	240,462	63,020		894,522
Goodwill			1,310,675	46,250		1,356,925
Service contracts, net		98,335	880	4,230		103,445
Other assets, net	2,032,649	1,608,188	814,657	322,707	(4,688,301)	89,900
	$ 2,032,649	$ 3,010,157	$ 2,959,623	$ 677,522	$ (4,710,215)	$ 3,969,736
Liabilities and Shareholders Equity						
Current liabilities:						
Accounts (receivable) payable	$ (465,247)	$ 164,131	$ 343,454	$ (8,614)	$ 38,023	$ 71,747
Accrued compensation and related liabilities		42,181	21,730	3,013		66,924
Accrued liabilities		53,432	178,698	13,092	(820)	244,402
Long-term debt due within one year		805	(196)			609
Total current liabilities	(465,247)	260,549	543,686	7,491	37,203	383,682
Long-term liabilities:						
Long-term debt due after one year		795,541	(10,917)		820	785,444
Deferred income taxes			145,563	4,997		150,560
Accrued liabilities			115,549	472		116,021
Total long-term liabilities		795,541	250,195	5,469	820	1,052,025
Total shareholders equity	2,497,896	1,954,067	2,165,742	664,562	(4,748,238)	2,534,029
	$ 2,032,649	$ 3,010,157	$ 2,959,623	$ 677,522	$ (4,710,215)	$ 3,969,736

Table of Contents

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

SIX MONTHS ENDED NOVEMBER 30, 2010

(In thousands)

	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Cash flows from operating activities:						
Net income	$ 117,143	$ 29,714	$ 92,211	$ 101,627	$ (223,552)	$ 117,143
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation		46,558	22,383	5,622		74,563
Amortization of deferred charges		18,889	339	1,954		21,182
Stock-based compensation	5,799					5,799
Deferred income taxes			(6,731)	454		(6,277)
Changes in current assets and liabilities, net of acquisitions of businesses:						
Accounts receivable, net		(19,216)	(4,368)	(4,190)		(27,774)
Inventories, net		(26,531)	(11,933)	(1,166)	792	(38,838)
Uniforms and other rental items in service		(26,556)	(6,073)	(3,597)	5,587	(30,639)
Prepaid expenses and other		188	(2,648)	(2,066)		(4,526)
Accounts payable		75,896	(73,488)	17,357		19,765
Accrued compensation and related liabilities		(4,480)	(9,151)	173		(13,458)
Accrued liabilities and other		(4,734)	(7,863)	1,711	820	(10,066)
Income taxes payable		9,553	(1,076)	(6,122)		2,355
Net cash provided by (used in) operating activities	122,942	99,281	(8,398)	111,757	(216,353)	109,229
Cash flows from investing activities:						
Capital expenditures		(38,392)	(43,862)	(5,880)		(88,134)
Proceeds from redemption of marketable securities			21,769	113,514		135,283
Purchase of marketable securities and investments		(17,693)	(43,794)		49,015	(12,472)
Acquisitions of businesses, net of cash acquired		(56,875)		(31,924)		(88,799)
Other, net	80,265	21,107	(176,860)	(99,528)	168,158	(6,858)
Net cash provided by (used in) investing activities	80,265	(91,853)	(242,747)	(23,818)	217,173	(60,980)
Cash flows from financing activities:						
Proceeds from issuance of debt			1,781			1,781
Repayment of debt		(495)	521		(820)	(794)
Repurchase of common stock	(203,207)					(203,207)
Other, net		383		1,316		1,699

Net cash (used in) provided by financing activities	(203,207)	(112)	2,302	1,316	(820)	(200,521)
Effect of exchange rate changes on cash and cash equivalents		166		1,778		1,944
Net increase (decrease) in cash and cash equivalents		7,482	(248,843)	91,033		(150,328)
Cash and cash equivalents at beginning of period		34,905	339,701	36,675		411,281
Cash and cash equivalents at end of period	$	$ 42,387	$ 90,858	$ 127,708	$	$ 260,953

Table of Contents

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

SIX MONTHS ENDED NOVEMBER 30, 2009

(In thousands)

	Cintas Corporation	Corp. 2	Subsidiary Guarantors	Non-Guarantors	Eliminations	Cintas Corporation Consolidated
Cash flows from operating activities:						
Net income	$ 111,160	$ (21,359)	$ 118,232	$ 10,732	$ (107,605)	$ 111,160
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation		48,525	23,198	4,176		75,899
Amortization of deferred charges		19,033	470	1,065		20,568
Stock-based compensation	7,571					7,571
Deferred income taxes			4,757	20		4,777
Changes in current assets and liabilities, net of acquisitions of businesses:						
Accounts receivable, net		15,509	(1,659)	1,609	(28,302)	(12,843)
Inventories, net		40,016	(1,383)	(1,831)	(1,928)	34,874
Uniforms and other rental items in service		5,809	2,240	(918)	(1,636)	5,495
Prepaid expenses and other		602	(833)	(337)		(568)
Accounts payable		(96,788)	80,361	6,650	16,691	6,914
Accrued compensation and related liabilities		(2,092)	163	283		(1,646)
Accrued liabilities and other		(29)	25,287	(870)	858	25,246
Income taxes payable		7,942	5,978	2,808		16,728
Net cash provided by (used in) operating activities	118,731	17,168	256,811	23,387	(121,922)	294,175
Cash flows from investing activities:						
Capital expenditures		(23,471)	(21,556)	(3,065)		(48,092)
Proceeds from sale or redemption of marketable securities			125	25,727		25,852
Purchase of marketable securities and investments		(1,901)	(12,401)	(23,337)	(15,421)	(53,060)
Acquisitions of businesses, net of cash acquired		(6,601)				(6,601)
Other	(117,772)	9,920	6,855	(29)	102,079	1,053
Net cash (used in) provided by investing activities	(117,772)	(22,053)	(26,977)	(704)	86,658	(80,848)
Cash flows from financing activities:						
Repayment of debt		(471)	(36,327)	1,213	35,264	(321)
Repurchase of common stock	(959)					(959)
Other		384	(3,430)	2,329		(717)
	(959)	(87)	(39,757)	3,542	35,264	(1,997)

Net cash (used in) provided by financing activities						
Effect of exchange rate changes on cash and cash equivalents		177		762		939
Net (decrease) increase in cash and cash equivalents		(4,795)	190,077	26,987		212,269
Cash and cash equivalents at beginning of period		39,397	76,979	13,369		129,745
Cash and cash equivalents at end of period	$	$ 34,602	$ 267,056	$ 40,356	$	$ 342,014

Table of Contents

CINTAS CORPORATION

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

BUSINESS STRATEGY

Cintas provides highly specialized products and services to businesses of all types primarily throughout North America and Latin America, Europe and Asia. We bring value to our customers by helping them provide a cleaner, safer and more pleasant atmosphere for their customers and employees. Our products and services are designed to improve our customers images. We also help our customers protect their employees and their company by enhancing workplace safety and helping to ensure legal compliance in key areas of their business.

We are North America s leading provider of corporate identity uniforms through rental and sales programs, as well as a significant provider of related business services, including entrance mats, restroom cleaning services and supplies, tile and carpet cleaning services, first aid, safety and fire protection products and services, document management services and branded promotional products.

Cintas principal objective is to exceed customers expectations in order to maximize the long-term value of Cintas for shareholders and working partners, and it provides the framework and focus for Cintas business strategy. This strategy is to achieve revenue growth for all of our products and services by increasing our penetration at existing customers and by broadening our customer base to include business segments to which Cintas has not historically served. We will also continue to identify additional product and service opportunities for our current and future customers.

To pursue the strategy of increasing penetration, we have a highly talented and diverse team of service professionals visiting our customers on a regular basis. This frequent contact with our customers enables us to develop close personal relationships. The combination of our distribution system and these strong customer relationships provides a platform from which we launch additional products and services.

We pursue the strategy of broadening our customer base in several ways. Cintas has a national sales organization introducing all of its products and services to prospects in all business segments. Our broad range of products and services allows our sales organization to consider any type of business a prospect. We also broaden our customer base through geographic expansion, especially in our emerging businesses of first aid and safety, fire protection and document management. Finally, we evaluate strategic acquisitions as opportunities arise.

RESULTS OF OPERATIONS

Cintas classifies its businesses into four operating segments. The Rental Uniforms and Ancillary Products operating segment consists of the rental and servicing of uniforms and other garments including flame resistant clothing, mats, mops and shop towels and other ancillary items. In addition to these rental items, restroom cleaning services and supplies and tile and carpet cleaning services are also provided within this operating segment. The Uniform Direct Sales operating segment consists of the direct sale of uniforms and related items and branded promotional products. The First Aid, Safety and Fire Protection Services operating segment consists of first aid, safety and fire protection products and services. The Document Management Services operating segment consists of document destruction, document imaging and document retention services. Revenue and income before income taxes for each of these operating segments for the three and six month periods ended November 30, 2010 and November 30, 2009, are presented in Note 9 entitled Segment Information of Notes to Consolidated Condensed Financial Statements.

Table of Contents

Consolidated Results

Three Months Ended November 30, 2010 Compared to Three Months Ended November 30, 2009

Total revenue increased 5.9% for the three months ended November 30, 2010, over the same period in the prior fiscal year from $884.5 million to $936.6 million. The increase primarily resulted from an organic growth increase of 4.2%. The remaining 1.7% represents growth derived through acquisitions in our Document Management Services operating segment, our First Aid, Safety and Fire Protection Services operating segment and our Uniform Rentals and Ancillary Products operating segment during the quarter.

Rental Uniforms and Ancillary Products operating segment revenue increased 2.2% for the three months ended November 30, 2010, over the same period in the prior fiscal year from $643.6 million to $657.8 million. Other Services revenue, consisting of revenue from the reportable operating segments of Uniform Direct Sales, First Aid, Safety and Fire Protection Services and Document Management Services, increased 15.7% for the three months ended November 30, 2010, over the same period in the prior fiscal year from $240.9 million to $278.7 million. The increase primarily resulted from an organic increase of 10.4%. The remaining 5.3% represents growth derived through acquisitions in our Document Management Services operating segment and our First Aid, Safety and Fire Protection Services operating segment during the quarter. The organic growth rate for Other Services revenue for the quarter was primarily the result of a 14.7% increase in Document Management operating segment revenue and a 9.4% increase in Uniform Direct Sales operating segment revenue.

Cost of rental uniforms and ancillary products consists primarily of production expenses, delivery expenses and the amortization of in service inventory, including uniforms, mats, shop towels and other ancillary items. Cost of rental uniforms and ancillary products increased $13.7 million, or 3.8%, for the three months ended November 30, 2010, compared to the three months ended November 30, 2009. Higher Rental Uniforms and Ancillary Products operating segment volume resulted in an increase in the cost of rental uniforms and ancillary products. In addition, maintenance costs increased $2.6 million and energy related costs increased $1.7 million compared to the three months ended November 30, 2009.

Cost of other services consists primarily of cost of goods sold (predominantly uniforms and first aid products), delivery expenses and distribution expenses in the Uniform Direct Sales operating segment, the First Aid, Safety and Fire Protection Services operating segment and the Document Management Services operating segment. Cost of other services increased $17.5 million, or 11.6%, for the three months ended November 30, 2010, compared to the three months ended November 30, 2009. This increase was primarily due to increased Other Services sales volume.

Selling and administrative expenses increased $28.9 million, or 11.1%, for the three months ended November 30, 2010, compared to the three months ended November 30, 2009. Selling labor and other selling expenses increased by $10.2 million compared to the same period in the prior fiscal year primarily as a result of an increase in the number of sales representatives. In addition, professional services increased $3.1 million due to costs related to our enterprise-wide system conversion and bad debt expense increased $2.4 million due to a slight deterioration in the aging in part resulting from an on-going accounts receivable consolidation project.

During the second quarter of fiscal 2010, Cintas had legal settlements that totaled $4.1 million, net of insurance proceeds. None of these settlements were significant individually. These settlements included litigation related to multiple subjects including employment practices and insurance coverage.

Net interest expense (interest expense less interest income) was $11.8 million for the three months ended November 30, 2010, compared to $12.3 million for the three months ended November 30, 2009.

Cintas effective tax rate decreased to 38.3% for the three months ended November 30, 2010, compared to 39.3% for the prior year period. This decrease was due to the impact of the closure of certain tax audits during the three months ended November 30, 2010.

Net income decreased $1.3 million, or 2.3%, for the three months ended November 30, 2010, from the same period in the prior fiscal year. Diluted earnings per share were $0.38 for the three months ended November 30, 2010, which was an increase of 2.7% compared to the same period in the prior fiscal year.

Table of Contents

Rental Uniforms and Ancillary Products Operating Segment

Three Months Ended November 30, 2010 Compared to Three Months Ended November 30, 2009

As discussed above, Rental Uniforms and Ancillary Products operating segment revenue increased from $643.6 million to $657.8 million, or 2.2%, and the cost of rental uniforms and ancillary products increased $13.7 million, or 3.8%. The operating segment s gross margin was $280.4 million, or 42.6% of revenue. This gross margin percent of revenue of 42.6% was 90 basis points lower than the prior fiscal year s second quarter of 43.5%. Maintenance costs increased $2.6 million, or approximately 30 basis points, and energy related costs, which include natural gas, electric and gas, increased $1.7 million, or approximately 20 basis points, from the prior fiscal year s second quarter.

Selling and administrative expenses as a percent of revenue, at 30.7%, increased 150 basis points compared to the second quarter of the prior fiscal year. This increase is primarily due to an increase in selling labor due to the addition of sales representatives. The sales representatives were added to grow revenue in the operating segment.

Income before income taxes decreased $13.8 million to $78.1 million for the Rental Uniforms and Ancillary Products operating segment for the quarter compared to the same quarter last fiscal year. Income before income taxes was 11.9% of the operating segment s revenue, which is a 240 basis point decrease compared to the second quarter of the prior fiscal year. This decrease is primarily due to the increase in selling and administrative expenses and the lower gross margin as a percent of revenue.

Uniform Direct Sales Operating Segment

Three Months Ended November 30, 2010 Compared to Three Months Ended November 30, 2009

Uniform Direct Sales operating segment revenue increased from $99.4 million to $108.8 million, or 9.4%, for the three months ended November 30, 2010, over the same quarter in the prior fiscal year due to increased customer orders for uniforms.

Cost of uniform direct sales increased $6.0 million, or 8.5%, for the three months ended November 30, 2010, due to increased Uniform Direct Sales volume. The gross margin as a percent of revenue was 29.9% for the quarter ended November 30, 2010, which is a slight improvement over the 29.3% in the same quarter in the prior fiscal year. This increase is due to an increase in sales volume, which causes the operating segment s fixed costs to be a lower percent of revenue.

Selling and administrative expenses increased $0.6 million compared to the same quarter last fiscal year. However, selling and administrative expenses decreased as a percent of revenue from 18.8% in the second quarter last year to 17.7% in this year s second quarter. This decrease in selling and administrative expenses as a percent of revenue was due to the selling and administrative expenses increasing at a lower rate than the revenue growth rate.

Income before income taxes increased $2.8 million to $13.3 million for the Uniform Direct Sales operating segment for the quarter ended November 30, 2010. Income before income taxes was 12.2% of the operating segment s revenue compared to 10.5% for the same quarter last fiscal year. This increase in income before income taxes is primarily due to the increase in revenue.

First Aid, Safety and Fire Protection Services Operating Segment

Three Months Ended November 30, 2010 Compared to Three Months Ended November 30, 2009

First Aid, Safety and Fire Protection Services operating segment revenue increased from $81.6 million to $93.3 million, or 14.4%, for the three months ended November 30, 2010. The increase primarily resulted from organic growth of 8.4%. The remaining 6.0% represents growth derived mainly through acquisitions.

Table of Contents

Cost of first aid, safety and fire protection services increased $4.0 million, or 7.8%, for the three months ended November 30, 2010. Gross margin for the First Aid, Safety and Fire Protection Services operating segment is defined as revenue less cost of goods, warehouse expenses, service expenses and training expenses. The gross margin as a percent of revenue was 41.1% for the quarter ended November 30, 2010, which is a 360 basis point increase compared to the gross margin percentage in the second quarter of the prior fiscal year. This increase is due to an increase in sales volume, which causes the operating segment s fixed costs to be a lower percent of revenue, and the elimination of lower margin fire installation revenue.

Selling and administrative expenses as a percent of revenue, at 35.6%, increased 180 basis points compared to the second quarter of the prior fiscal year. Selling and administrative expenses increased from $27.5 million in last year s second quarter to $33.2 million in the second quarter of this fiscal year due to an increase in the number of sales representatives and a $1.4 million increase in bad debt expense.

Income before income taxes for the First Aid, Safety and Fire Protection Services operating segment increased $2.1 million to $5.1 million for the three months ended November 30, 2010. Income before income taxes was 5.5% of the operating segment s revenue, compared to 3.7% in last fiscal year s second quarter. This increase is primarily due to the increase in sales volume.

Document Management Services Operating Segment

Three Months Ended November 30, 2010 Compared to Three Months Ended November 30, 2009

Document Management Services operating segment revenue increased from $59.9 million to $76.6 million, or 27.9%, for the quarter ended November 30, 2010, over the same quarter in the prior fiscal year. The increase primarily resulted from an organic growth increase of 14.7%. The remaining 13.2% represents growth derived mainly through acquisitions. This operating segment derives a portion of its revenue from the sale of shredded paper to paper recyclers. The average price from these paper sales increased by approximately 42% in the quarter ended November 30, 2010, compared to the quarter ended November 30, 2009, due to increased volume and increases in recycled paper prices. This increase resulted in higher recycled paper revenue. Excluding the increase in recycled paper prices, operating segment revenue grew 5.0% organically compared to last fiscal year s second quarter.

Cost of document management services increased $7.5 million, or 25.4%, for the three months ended November 30, 2010, due to increased Document Management Services operating segment volume. Gross margin for the Document Management Services operating segment is defined as revenue less production and service costs. The gross margin as a percent of revenue increased from 50.5% in last year s second quarter to 51.4% for the quarter ended November 30, 2010. This increase is largely due to the increase in the recycled paper prices which increased overall operating segment revenue.

Selling and administrative expenses increased $8.4 million compared to the same quarter last year primarily due to an increase in the number of sales representatives. These expenses as a percent of revenue, at 43.8%, increased 180 basis points compared to the second quarter of the prior fiscal year.

Income before income taxes for the Document Management Services operating segment increased $0.8 million to $5.9 million for the period compared to the same period in the prior fiscal year. Income before income taxes as a percentage of the operating segment s revenue decreased from 8.5% in last year s second quarter to 7.6% for the quarter ended November 30, 2010, primarily as a result of the increase in selling and administrative expenses.

Consolidated Results

Six Months Ended November 30, 2010 Compared to Six Months Ended November 30, 2009

Total revenue increased 4.8% for the six months ended November 30, 2010, over the same period in the prior fiscal year from $1.8 billion to $1.9 billion. The increase primarily resulted from an organic growth

Table of Contents

increase of 3.5%. The remaining 1.3% represents growth derived through acquisitions in our Document Management Services operating segment, our First Aid, Safety and Fire Protection Services operating segment and our Uniform Rentals and Ancillary Products operating segment during the period.

Rental Uniforms and Ancillary Products operating segment revenue increased 1.2% for the six months ended November 30, 2010, over the same period in the prior fiscal year from $1.30 billion to $1.32 billion. Other Services revenue, consisting of revenue from the reportable operating segments of Uniform Direct Sales, First Aid, Safety and Fire Protection Services and Document Management Services, increased 14.3% for the six months ended November 30, 2010, over the same period in the prior fiscal year from $476.8 million to $545.1 million. The increase primarily resulted from an organic increase of 10.4%. The remaining 3.9% represents growth derived through acquisitions in our Document Management Services operating segment and our First Aid, Safety and Fire Protection Services operating segment during the period. The organic growth rate for the quarter was primarily the result of an 18.8% increase in Document Management operating segment revenue and a 10.0% increase in Uniform Direct Sales operating segment revenue.

Cost of rental uniforms and ancillary products consists primarily of production expenses, delivery expenses and the amortization of in service inventory, including uniforms, mats, shop towels and other ancillary items. Cost of rental uniforms and ancillary products increased $22.3 million, or 3.1%, for the six months ended November 30, 2010, compared to the six months ended November 30, 2009. Higher Rental Uniforms and Ancillary Products operating segment volume resulted in an increase in the cost of rental uniforms and ancillary products. In addition, maintenance costs increased $5.4 million and energy related costs increased $2.9 million compared to the six months ended November 30, 2009.

Cost of other services consists primarily of cost of goods sold (predominantly uniforms and first aid products), delivery expenses and distribution expenses in the Uniform Direct Sales operating segment, the First Aid, Safety and Fire Protection Services operating segment and the Document Management Services operating segment. Cost of other services increased $30.4 million, or 10.2%, for the six months ended November 30, 2010, compared to the six months ended November 30, 2009. This increase was primarily due to increased Other Services sales volume.

Selling and administrative expenses increased $57.9 million, or 11.1%, for the six months ended November 30, 2010, compared to the six months ended November 30, 2009. Labor and payroll tax expenses increased by $29.2 million compared to the same period in the prior fiscal year primarily as a result of an increase in the number of sales representatives. In addition, bad debt expense increased $6.1 million due to a slight deterioration in the aging in part resulting from an on-going accounts receivable consolidation project, and professional services increased $5.3 million due to costs related to our enterprise wide system conversion.

During the first quarter of fiscal 2010, Cintas and the plaintiffs involved in the litigation, *Paul Veliz, et al. v. Cintas Corporation*, reached a settlement in principle. The principal terms of the settlement provide for an aggregate cash payment of approximately $24 million, which Cintas has accrued as of November 30, 2010. The pre-tax impact, net of insurance proceeds, was approximately $19.5 million. This settlement is more fully described in Note 8 entitled Litigation and Other Contingencies in Notes to Consolidated Condensed Financial Statements. During the second quarter of fiscal 2010, Cintas had legal settlements that totaled $4.1 million, net of insurance proceeds. None of these settlements were significant individually. These settlements included litigation related to multiple subjects including employment practices and insurance coverage.

Net interest expense (interest expense less interest income) was $23.5 million the six months ended November 30, 2010, compared to $23.9 million for the six months ended November 30, 2009.

Cintas effective tax rate decreased to 34.6% for the six months ended November 30, 2010, compared to 38.7% for the prior year period. This decrease was due to the impact of the closure of certain tax audits during the six months ended November 30, 2010.

Net income increased $6.0 million, or 5.4%, for the six months ended November 30, 2010, from the same period in the prior fiscal year. Diluted earnings per share were $0.78 for the six months ended November 30, 2010, which was an increase of 8.3% compared to the same period in the prior fiscal year. The

Table of Contents

increased net income and diluted earnings per share are due primarily to increased revenue for the period, and the legal settlements which occurred last year, offset by higher selling and administrative expenses in the current period.

Rental Uniforms and Ancillary Products Operating Segment

Six Months Ended November 30, 2010 Compared to Six Months Ended November 30, 2009

As discussed above, Rental Uniforms and Ancillary Products operating segment revenue increased from $1.30 billion to $1.32 billion, or 1.2%, and the cost of rental uniforms and ancillary products increased $22.3 million, or 3.1%. The operating segment s gross margin was $566.4 million, or 43.1% of revenue. This gross margin percent of revenue of 43.1% was 100 basis points lower than the prior fiscal year s 44.1%. Maintenance costs increased $5.4 million, or approximately 40 basis points, and energy related costs, which include natural gas, electric and gas, increased $2.9 million, or approximately 20 basis points, from the prior fiscal year period.

Selling and administrative expenses as a percent of revenue, at 31.2%, increased 210 basis points compared to the same period of the prior fiscal year. This increase is primarily due to an increase in selling labor due to the addition of sales representatives. The sales representatives were added to grow revenue in the operating segment.

Income before income taxes decreased $38.0 million to $156.3 million for the Rental Uniforms and Ancillary Products operating segment compared to the same period last fiscal year. Income before income taxes was 11.9% of the operating segment s revenue, which is a 310 basis point decrease compared to the same period of the prior fiscal year. This is primarily due to the increase in selling and administrative expenses and the lower gross margin as a percent of revenue.

Uniform Direct Sales Operating Segment

Six Months Ended November 30, 2010 Compared to Six Months Ended November 30, 2009

Uniform Direct Sales operating segment revenue increased from $188.7 million to $207.6 million, or 10.0%, for the six months ended November 30, 2010, over the same period in the prior fiscal year due to increased customer orders for uniforms.

Cost of uniform direct sales increased $12.8 million, or 9.6%, for the six months ended November 30, 2010, due to increased Uniform Direct Sales volume. The gross margin as a percent of revenue was 30.1% for the six months ended November 30, 2010, which is relatively consistent with the 29.9% in the same period of the prior fiscal year.

Selling and administrative expenses increased $1.5 million compared to last fiscal year. However, selling and administrative expenses decreased as a percent of revenue from 20.1% in the first six months last fiscal year to 19.0% in this fiscal year s first six months. This decrease in selling and administrative expenses as a percent of revenue was due to the selling and administrative expenses increasing at a lower rate than the revenue growth rate.

Income before income taxes increased $4.6 million to $23.1 million for the Uniform Direct Sales operating segment for the six months ended November 30, 2010. Income before income taxes was 11.1% of the operating segment s revenue compared to 9.8% for the same period last fiscal year. This increase in income before income taxes is primarily due to the increase in revenue.

Table of Contents

First Aid, Safety and Fire Protection Services Operating Segment

Six Months Ended November 30, 2010 Compared to Six Months Ended November 30, 2009

First Aid, Safety and Fire Protection Services operating segment revenue increased from $171.6 million to $186.8 million, or 8.9%, for the six months ended November 30, 2010. The increase primarily resulted from an organic growth of 5.1%. The remaining 3.8% represents growth derived mainly through acquisitions.

Cost of first aid, safety and fire protection services increased $4.5 million, or 4.3%, for the six months ended November 30, 2010. Gross margin for the First Aid, Safety and Fire Protection Services operating segment is defined as revenue less cost of goods, warehouse expenses, service expenses and training expenses. The gross margin as a percent of revenue was 41.0% for the six months ended November 30, 2010, which is a 260 basis point increase compared to the gross margin percentage for the six months ended November 30, 2009. This increase is due to an increase in sales volume, which causes the operating segment s fixed costs to be a lower percent of revenue, and the elimination of lower margin fire installation revenue.

Selling and administrative expenses as a percent of revenue, at 36.2%, increased 300 basis points compared to the first six months of the prior fiscal year. Selling and administrative expenses increased from $57.0 million in last fiscal year s first six months to $67.7 million in the first six months of this fiscal year due to an increase in the number of sales representatives and a $3.0 million increase in bad debt expense.

Income before income taxes for the First Aid, Safety and Fire Protection Services operating segment increased $0.1 million to $8.9 million for the six months ended November 30, 2010. Income before income taxes was 4.8% of the operating segment s revenue, compared to 5.1% in last fiscal year s first six months. This decrease in income before income taxes as a percent of revenue is primarily due to the increase in selling and administrative expenses.

Document Management Services Operating Segment

Six Months Ended November 30, 2010 Compared to Six Months Ended November 30, 2009

Document Management Services operating segment revenue increased from $116.6 million to $150.6 million, or 29.3%, for the six months ended November 30, 2010, over the same period in the prior fiscal year. The increase primarily resulted from an organic growth increase of 18.8%. The remaining 10.5% represents growth derived mainly through acquisitions. This operating segment derives a portion of its revenue from the sale of shredded paper to paper recyclers. The average price from these paper sales increased by approximately 52% in the six months ended November 30, 2010, compared to the six months ended November 30, 2009, due to increased volume and increases in recycled paper prices. This increase resulted in higher recycled paper revenue. Excluding the increase in recycled paper prices, segment revenue grew 7.8% organically compared to last fiscal year s first six months.

Cost of document management services increased $13.1 million, or 22.3%, for the six months ended November 30, 2010, due to increased Document Management Services operating segment volume. Gross margin for the Document Management Services operating segment is defined as revenue less production and service costs. The gross margin as a percent of revenue increased from 49.6% for the six months ended November 30, 2009, to 52.3% for the six months ended November 30, 2010. This increase is due to the increase in the recycled paper prices which increased revenue.

Selling and administrative expenses increased $13.8 million compared to last fiscal year primarily due to an increase in the number of sales representatives. However, these expenses as a percent of revenue, at 42.9%, decreased 60 basis points compared to the first six months of the prior fiscal year. This decrease is due to the revenue growing at a faster rate than the expenses due to the increase in recycled paper prices.

Table of Contents

Income before income taxes for the Document Management Services operating segment increased $7.1 million to $14.2 million for the period compared to the same period in the prior fiscal year. Income before income taxes as a percentage of the operating segment s revenue increased from 6.1% in last year s first six months to 9.5% for the six months ended November 30, 2010, primarily as a result of the increase in recycled paper prices.

Liquidity and Capital Resources

The following is a summary of our cash flows and cash and cash equivalents and marketable securities as of and for the six months ended November 30, 2010 (in thousands):

		2010		2009
Net cash provided by operating activities	$	109,229	$	294,175
Net cash used in investing activities	$	(60,980)	$	(80,848)
Net cash used in financing activities	$	(200,521)	$	(1,997)
Cash and cash equivalents and marketable securities at the end of the period	$	284,577	$	566,087

The cash and cash equivalents and marketable securities as of November 30, 2010, include $152 million that is located outside of the United States. We expect to use these amounts to fund our international operations and expansion activities. The marketable securities at November 30, 2010, consist of United States municipal bonds and Canadian treasury securities. We believe that our investment policy pertaining to marketable securities is conservative. The criterion used in making investment decisions is the preservation of principal, while earning an attractive yield.

Cash flows provided by operating activities have historically supplied us with a significant source of liquidity. We generally use these cash flows to fund most, if not all, of our operations and expansion activities and dividends on our common stock. We may also use cash flows provided by operating activities, as well as proceeds from long-term debt and short-term borrowings, to fund growth and expansion opportunities, as well as other cash requirements such as share buybacks.

Net cash provided by operating activities was $109.2 million for the six months ended November 30, 2010, a decrease of $184.9 million compared to the same period last fiscal year. Last fiscal year s net cash provided by operating activities benefitted from lower working capital needs associated with our decreasing sales volumes and the accrual of approximately $28 million in legal settlements. As sales volumes have increased this fiscal year, our working capital needs have increased. Accounts receivable has increased $36.1 million since May 31, 2010, and inventories, net and uniforms and other rental items in service has increased $71.3 million since May 31, 2010, both due to the higher sales volumes and an intentional increase in inventory in anticipation of and as a precaution to a planned enterprise-wide system conversion of the Cintas global supply chain division.

Net cash used in investing activities includes capital expenditures and cash paid for acquisitions of businesses. Capital expenditures were $88.1 million and $48.1 million for the six months ended November 30, 2010 and 2009, respectively. These capital expenditures primarily relate to expansion efforts in Rental Uniforms and Ancillary Products and Document Management Services operating segments and to an enterprise wide system conversion. Capital expenditures increased this year compared to last year as economic conditions in the United States and Canada stabilized in 2010, providing better revenue growth opportunities. Cash paid for acquisitions of businesses was $88.8 million and $6.6 million for the six months ended November 30, 2010 and 2009, respectively. The acquisitions this fiscal year occurred in our Document Management Services, First Aid, Safety and Fire Protection Services and Rental Uniforms and Ancillary Products operating segments. The cash used for capital expenditures and acquisitions was offset by net proceeds from the sale or redemption of marketable securities.

Net cash used in financing activities was $200.5 million and $2.0 million for the six months ended November 30, 2010 and 2009, respectively. We completed our existing share buyback program by

Table of Contents

purchasing $203.3 million of Cintas common stock during the six months ended November 30, 2010. We incurred no new debt or short-term borrowings during the period to finance these purchases, but instead used existing cash and cash equivalents.

On October 26, 2010, we announced that the Board of Directors authorized a $500 million share buyback program at market prices. No purchases have been made under this new program.

On October 26, 2010, Cintas declared an annual cash dividend of $0.49 per share on outstanding common stock, a two percent increase over the dividend paid in the prior year. The dividend was paid on December 15, 2010, to shareholders of record as of November 12, 2010.

As of November 30, 2010, we had $775.0 million in fixed rate notes outstanding with maturities ranging from 2012 to 2036. Cintas had a commercial paper program with availability of $600.0 million that was fully supported by a backup revolving credit facility through a credit agreement with its banking group. This revolving credit facility was renewed on September 27, 2010, with availability of $300.0 million and an accordion feature that allows for a maximum borrowing capacity of $450.0 million and an expiration date of September 26, 2014. The availability was reduced from $600.0 million to $450.0 million in order to lower the overall cost of the program. We believe this program will be adequate to provide necessary funding for our cash requirements. As of November 30, 2010 and May 31, 2010, we had no commercial paper outstanding and no outstanding borrowings on our revolving credit facility. However, as a result of cash requirements related primarily to acquisition opportunities, we have issued commercial paper subsequent to November 30, 2010, for varying amounts with a maximum outstanding issuance of approximately $90.0 million.

Cintas has certain covenants related to debt agreements. These covenants limit Cintas ability to incur certain liens, to engage in sale-leaseback transactions and to merge, consolidate or sell all or substantially all of Cintas assets. These covenants also require Cintas to maintain certain debt to capitalization and interest coverage ratios. Cross-default provisions exist between certain debt instruments. If a default of a significant covenant were to occur, the default could result in an acceleration of the maturity of the indebtedness, impair liquidity and limit the ability to raise future capital. As of November 30, 2010, Cintas was in compliance with all significant debt covenants.

Our access to the commercial paper and long-term debt markets has historically provided us with sources of liquidity. We do not anticipate having difficulty in obtaining financing from those markets in the future in view of our favorable experiences in the debt markets in the recent past. Our ability to continue to access the commercial paper and long-term debt markets on favorable interest rate and other terms will depend, to a significant degree, on the ratings assigned by the credit rating agencies to our indebtedness. As of November 30, 2010, our ratings were as follows:

Rating Agency	**Outlook**	**Commercial Paper**	**Long-term Debt**
Standard & Poor s	Stable	A-2	A-
Moody s Investors Service	Stable	P-1	A2

In the event that the ratings of our commercial paper or our outstanding long-term debt issues were substantially lowered or withdrawn for any reason or if the ratings assigned to any new issue of long-term debt securities were significantly lower than those noted above, particularly if we no longer had investment grade ratings, our ability to access the debt markets may be adversely affected. In addition, in such a case, our cost of funds for new issues of commercial paper and long-term debt would be higher than our cost of funds would have been had the ratings of those new issues been at or above the level of the ratings noted above. The rating agency ratings are not recommendations to buy, sell or hold our commercial paper or debt securities. Each rating may be subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating. Moreover, each credit rating is specific to the security to which it applies.

Table of Contents

To monitor our credit rating and our capacity for long-term financing, we consider various qualitative and quantitative factors. One such factor is the ratio of our total debt to capitalization. For the purpose of this calculation, debt is defined as the sum of short-term borrowings, long-term debt due within one year, obligations under capital leases due in one year, long-term debt and long-term obligations under capital leases. Total capitalization is defined as debt plus shareholders equity. At November 30, 2010 and May 31, 2010, the ratio of our total debt to capitalization was 24.7% and 23.7%, respectively. We believe these levels are reasonable and allow for additional funding if the need arises.

Litigation and Other Contingencies

Cintas is subject to legal proceedings and claims arising from the ordinary course of its business, including personal injury, customer contract, environmental and employment claims. In the opinion of management, the aggregate liability, if any, with respect to such ordinary course of business actions will not have a material adverse effect on the financial position or results of operations of Cintas. Cintas is party to additional litigation not considered in the ordinary course of business. Please refer to Note 8 entitled Litigation and Other Contingencies of Notes to Consolidated Condensed Financial Statements for a detailed discussion of certain specific litigation.

Table of Contents

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor from civil litigation for forward-looking statements. Forward-looking statements may be identified by words such as estimates, anticipates, predicts, projects, plans, expects, intends, target, forecast, believes, seeks, could, should, may and will thereof and similar words, terms and expressions and by the context in which they are used. Such statements are based upon current expectations of Cintas and speak only as of the date made. You should not place undue reliance on any forward-looking statement. We cannot guarantee that any forward-looking statement will be realized. These statements are subject to various risks, uncertainties, potentially inaccurate assumptions and other factors that could cause actual results to differ from those set forth in or implied by this Quarterly Report. Factors that might cause such a difference include, but are not limited to, the possibility of greater than anticipated operating costs including energy costs, lower sales volumes, loss of customers due to outsourcing trends, the performance and costs of integration of acquisitions, fluctuations in costs of materials and labor including increased medical costs, costs and possible effects of union organizing activities, failure to comply with government regulations concerning employment discrimination, employee pay and benefits and employee health and safety, uncertainties regarding any existing or newly-discovered expenses and liabilities related to environmental compliance and remediation, the cost, results and ongoing assessment of internal controls for financial reporting required by the Sarbanes-Oxley Act of 2002, disruptions caused by the unaccessibility of computer systems data, the initiation or outcome of litigation, investigations or other proceedings, higher assumed sourcing or distribution costs of products, the disruption of operations from catastrophic or extraordinary events, changes in federal and state tax and labor laws and the reactions of competitors in terms of price and service. Cintas undertakes no obligation to publicly release any revisions to any forward-looking statements or to otherwise update any forward-looking statements whether as a result of new information or to reflect events, circumstances or any other unanticipated developments arising after the date on which such statements are made. A further list and description of risks, uncertainties and other matters can be found in our Annual Report on Form 10-K for the year ended May 31, 2010 and in our reports on Forms 10-Q and 8-K. The risks and uncertainties described herein are not the only ones we may face. Additional risks and uncertainties presently not known to us or that we currently believe to be immaterial may also harm our business.

ITEM 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In our normal operations, Cintas has market risk exposure to interest rates. There has been no material change to this market risk exposure to interest rates from that which was previously disclosed on page 30 of our Form 10-K for the year ended May 31, 2010.

Through its foreign operations, Cintas is exposed to foreign currency risk. Foreign currency exposures arise from transactions denominated in a currency other than the functional currency and from foreign currency denominated revenue and profit translated into U.S. dollars. The primary foreign currency to which Cintas is exposed is the Canadian dollar. Cintas has average rate options in place to limit a portion of the risks of the revenue translation from Canadian foreign currency exchange rate movements during the remainder of the fiscal year; however, the amount of these options is not significant.

Table of Contents

ITEM 4.

CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

With the participation of Cintas management, including Cintas Chief Executive Officer, Chief Financial Officer, General Counsel and Controllers, Cintas has evaluated the effectiveness of the disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)) as of November 30, 2010. Based on such evaluation, Cintas management, including Cintas Chief Executive Officer, Chief Financial Officer, General Counsel and Controllers, has concluded that Cintas disclosure controls and procedures were effective as of November 30, 2010, in ensuring (i) information required to be disclosed by Cintas in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC s rules and forms and (ii) information required to be disclosed by Cintas in the reports that it files or submits under the Exchange Act is accumulated and communicated to Cintas management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

There were no changes in Cintas internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended November 30, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. See Management s Report on Internal Control over Financial Reporting and Report of Independent Registered Public Accounting Firm on pages 32 and 33 of our Form 10-K for the fiscal year ended May 31, 2010.

Table of Contents

CINTAS CORPORATION

Part II. Other Information

Item 1. Legal Proceedings.

I. Supplemental Information: We discuss material legal proceedings (other than ordinary routine litigation incidental to our business) pending against us in Item 1. Financial Statements, in Note 8 entitled Litigation and Other Contingencies of Notes to Consolidated Condensed Financial Statements. We refer you to and incorporate by reference into this Part II, Item 1 that discussion for important information concerning those legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On May 2, 2005, Cintas announced that the Board of Directors authorized a $500 million share buyback program at market prices. In July 2006, Cintas announced that the Board of Directors approved the expansion of its share buyback program by an additional $500 million. The Board did not specify an expiration date for this program.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of the publicly announced plan	Maximum approximate dollar value of shares that may yet be purchased under the plan
September 2010	2,711,262	$ 26.51	27,951,175	$
October 2010				$
November 2010				$
Total	2,711,262	$ 26.51	27,951,175	$

For the three months ended November 30, 2010, Cintas purchased 2,711,262 shares of Cintas common stock under this program at an average price of $26.51 per share for a total purchase price of $71.9 million. From the inception of the share buyback program through December 31, 2010, Cintas has purchased a total of approximately 28.0 million shares of Cintas stock at an average price of $35.78 per share for a total purchase price of $1 billion. These purchases in September completed the existing share buyback program. On October 26, 2010, Cintas announced that the Board of Directors authorized a $500 million share buyback program at market prices. No purchases have been made under this new program.

Item 5. Other Information

On October 26, 2010, Cintas declared an annual cash dividend of $0.49 per share on outstanding common stock, a two percent increase over the dividend paid in the prior year. The dividend was paid on December 15, 2010, to shareholders of record as of November 12, 2010.

Item 6. Exhibits.

10.1	Fourth Amendment Agreement to Credit Agreement, dated as of September 27,2010 (Incorporated by reference to Exhibit 10.5 to Cintas Form 8-K dated October 1, 2010)
31.1	Certification of Principal Executive Officer required by Rule 13a-14(a)
31.2	Certification of Principal Financial Officer required by Rule 13a-14(a)
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer

Table of Contents

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.

CINTAS CORPORATION
(Registrant)

Date: January 7, 2011	By:	/s/ William C. Gale William C. Gale Senior Vice President and Chief Financial Officer (Chief Accounting Officer)

Table of Contents

EXHIBIT INDEX

10.1	Fourth Amendment Agreement to Credit Agreement, dated as of September 27, 2010 (Incorporated by reference to Exhibit 10.5 to Cintas Form 8-K dated October 1, 2010)
31.1	Certification of Principal Executive Officer required by Rule 13a-14(a)
31.2	Certification of Principal Financial Officer required by Rule 13a-14(a)
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer