notice of annual general and special meeting & management information circular

Annual General &
Special Meeting of Shareholders

To be Held on June 16, 2011

K·BRO

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Dear Fellow Shareholders,

On behalf of K-Bro's Board of Directors, management and employees, I invite you to attend the 2010 Annual General and Special Meeting of Shareholders. The event will be hosted at:

WHERE: Sheraton Centre Hotel
Carleton Room
123 Queen Street West
Toronto, Ontario

WHEN: Thursday, June 16, 2011
1:00 p.m.

At the meeting, we will report on K-Bro's financial and operating performance in 2010, the first quarter of 2011 and discuss our plans for the remainder of 2011. In addition, you will have an opportunity to meet with K-Bro's Board of Directors and management to discuss items of interest to you.

The business items to be dealt with are described in the notice of meeting and management information circular. We value the views of our shareholders and appreciate the time you spend understanding and voting on the business of K-Bro's annual and special meeting.

We are enclosing the Annual Report with the management information circular and related proxy materials. The annual report, along with additional documentation and information concerning K-Bro, is available on our website at **www.k-brolinen.com.** You will also find recently filed corporate disclosure documents under "Financial Documents" on our webpage.

If you are unable to attend the Annual General and Special Meeting in person, or if you hold your shares in the name of a nominee, such as your brokerage firm, I encourage you to vote your proxy by any of the means available to you. We look forward to your continued support.

Sincerely,

Linda J. McCurdy
Director, President & Chief Executive Officer
K-Bro Linen Inc.

notice of annual general and special meeting of shareholders

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the "Meeting") of shareholders (the "Shareholders") of K-Bro Linen Inc. (the "Corporation" or "K-Bro") will be held at the Sheraton Centre Hotel, Carleton Room, 123 Queen Street West, Toronto, Ontario on Thursday, June, 16, 2011 at 1:00 p.m. (Eastern time) for the following purposes:

1. **TO RECEIVE AND CONSIDER** the audited consolidated financial statements of K-Bro Linen Income Fund, predecessor to the Corporation, for the year ended December 31, 2010, together with the report of the auditors thereon;
2. **TO ELECT** the directors for the ensuing year;
3. **TO APPOINT** PricewaterhouseCoopers LLP as the independent auditors of the Corporation and authorize the Board of Directors to fix their remuneration;
4. **TO CONSIDER** and, if thought fit, pass a resolution, the full text of which is attached as Appendix A to the Management Information Circular, to approve the Corporation's proposed new Long-Term Incentive Plan, as more particularly described in the Management Information Circular and a copy of which is attached as Appendix B to the Management Information Circular; and,
5. **TO TRANSACT** such other business as may properly come before the Meeting or any postponement or adjournment thereof.

As a Shareholder, you are entitled to attend the Meeting and to cast one vote for each Share of the Corporation that you own. The specific details of all matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice of Meeting.

It is desirable that as many shares of the Corporation as possible be represented at the Meeting. If you cannot attend the Meeting and would like your shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. To be valid, all proxies must be received by Valiant Trust Company, Suite 600 – 750 Cambie Street, Vancouver, British Columbia, V6B 02A, no later than 9:00 a.m. (Pacific Time) on June 13, 2011 or if the Meeting is adjourned, at least forty-eight (48) hours (excluding weekends and holidays), before the time set for the Meeting to resume. Late proxies may be accepted or rejected by the Chair of the Meeting in his discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

If you are a non-registered beneficial Shareholder, you must follow the instructions provided by your broker, securities dealer, bank, trust company or similar entity in order to vote your shares. The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

DATED at Toronto, Ontario this 12th day of May, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

Christopher T.J. Burrows
Vice President & Chief Financial Officer
K-Bro Linen Inc.

management information circular

Forward Looking Statements

In the interest of providing current Shareholders of K-Bro Linen Inc. and former unitholders ("Unitholders") of K-Bro Linen Income Fund (the "Fund") with information regarding current results and future prospects, our public communications often include written or verbal forward-looking statements. Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions, courses of action and include future-oriented financial information.

This Management Information Circular ("MIC") contains forward-looking information that represents internal expectations, estimates or beliefs concerning, among other things, future activities or future operating results and various components thereof. The use of any of the words "anticipate", "continue", "expect", "may", "will", "project", "should", "believe", and similar expressions suggesting future outcomes or events are intended to identify forward-looking information. Statements regarding such forward-looking information reflect management's current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are based on management's estimates and assumptions that are subject to risks and uncertainties, which could cause K-Bro's actual performance and financial results in future periods to differ materially from the forward-looking information contained in this MIC. These risks and uncertainties include, among other things, (i) risks associated with acquisitions, including the possibility of undisclosed material liabilities; (ii) K-Bro's competitive environment; (iii) utility and labour costs; (iv) K-Bro's dependence on long-term contracts with the associated renewal risk;, (v) increased capital expenditure requirements; (vi) reliance on key personnel; (vii) changing trends in government outsourcing; and (viii) the availability of future financing. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include: (i) volumes and pricing assumptions; (ii) utility costs; (iii) expected impact of labour cost initiatives; and (iv) the level of capital expenditures. Although the forward-looking information contained in this MIC is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements regarding forward-looking information included in this MIC may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MIC.

All forward-looking information in this MIC is qualified by these cautionary statements. Forward-looking information in this MIC is presented only as of the date made. Except as required by law, K-Bro does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

solicitation of proxies

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of K-Bro for use at the Annual General and Special Meeting of the Shareholders of Common Shares of the Corporation to be held at the Sheraton Centre Hotel, 123 Queen Street West, Toronto, Ontario on the 16th day of June, 2011 at 1:00 p.m. (Eastern Time), or at any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting ("Notice of Meeting"). The information contained herein is given as of the 12th day of May, 2011, except where otherwise indicated. Enclosed herewith is a form of proxy for use at the Meeting, together with a copy of the Corporation's Annual Report containing the financial statements of K-Bro Linen Income Fund, predecessor to the Corporation, to be presented at the Meeting. The Corporation's Annual Report is also available on the Corporation's website at **www.k-brolinen.com.** Each Shareholder is encouraged to participate in the Meeting and Shareholders are urged to vote in person or by proxy on the matters to be considered.

Appointment and Revocation of Proxies

The Form of Proxy enclosed with this Information Circular is a form of proxy that registered Shareholders may use to authorize another person to vote on their behalf at the Meeting. The persons named in the Form of Proxy are directors and/or officers of K-Bro. A Shareholder who wishes to appoint some other person to represent him, her or it at the Meeting may do so by crossing out the names of directors and/or officers of K-Bro pre-printed on the enclosed Form of Proxy and inserting such other person's name in the blank space provided in the Form of Proxy. Such other person need not be a Shareholder of the Corporation.

To be valid, proxies must be delivered to the Proxy Department, Valiant Trust Company, Suite 600, 750 Cambie Street, Vancouver, British Columbia, V6B 0A2 or by fax to the attention of Proxy Department, Valiant Trust Company at 604.681.3067, at any time up to and including 9:00 a.m. (Pacific Time) on June 13, 2011. If the Meeting is adjourned or postponed, proxies must be deposited not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the time of any reconvened meeting at which the proxy is to be used.
A Shareholder who has given a proxy may revoke the proxy: (a) by completing and signing another Form of Proxy bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, at Proxy Department, Valiant Trust Company, Suite 600, 750 Cambie Street, Vancouver, British Columbia, V6B 0A2 or by fax to the attention of Proxy Department, Valiant Trust Company at 604.681.3067 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or (c) in any other manner permitted by law.

Voting of Proxies

Each Shareholder may instruct his or her proxy how to vote his or her Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted for or against or withheld from voting (including the voting on any ballot) in respect of each proposed resolution, as the case may be, and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. In the absence of any such specification as to voting on the Instrument of Proxy, the persons named will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.

The enclosed Instrument of Proxy confers discretionary authority upon the persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of, or other matters, which may come before the Meeting. In the event that other matters come before the Meeting, then the persons named as proxy intend to vote in accordance with the judgment of management of the Corporation.

Persons Making the Solicitation

This solicitation is made on behalf of the management of the Corporation. The cost incurred in the preparation and mailing of both the proxy and this Management Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Corporation who will not be directly compensated therefore.

In accordance with National Instrument 54-101, Communications with Beneficial Owners of Securities of a Reporting Issuer, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

Quorum

The by-laws of the Corporation provide that a quorum of Shareholders is present at a meeting of Shareholders if holders of not less than 10% of the Common Shares entitled to vote at a meeting of Shareholders are present in person or by proxy. If a quorum is not present within one-half hour after the time fixed for the holding of the Meeting, the Meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the Chair of the Meeting, and if at such adjourned meeting a quorum is not present, the holders of Shares present either in person or by proxy shall be deemed to constitute a quorum.

Certain References

All references to "K-Bro" or the "Corporation" in this MIC include K-Bro Linen Inc., together with the predecessor reporting issuer K-Bro Linen Income Fund and its subsidiaries, as applicable, including the operations controlled and consolidated by them, unless otherwise indicated. All references to "management" refer to senior officers of the Corporation.

Corporate Structure

K-Bro Linen Inc. is the successor to the Fund. The Corporation succeeded the Fund following the completion of the conversion of the Fund from an income trust to a corporation by way of a court-approved plan of arrangement under the Business Corporations Act (Alberta) ("ABCA") on January 1, 2011 (the "Conversion"). The Conversion involved, among others, the Fund, K-Bro Linen Systems Inc., K-Bro Linen Ltd. and Unitholders of the Fund. Pursuant to the Conversion, holders of trust units of the Fund received one common share of K-Bro Linen Inc. for each trust unit. In addition, holders of exchangeable shares of K-Bro Linen Systems Inc. received one Common Share for each exchangeable share.

The Corporation was incorporated under the ABCA on November 20, 2010. The registered office of K-Bro is located at 103, 15023 – 123 Avenue, Edmonton, Alberta, T5V 1J7.

Voting Shares and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of Common Shares and such number of shares of one class designated as Preferred Shares which number shall not exceed 1/3 of the Common Shares issued and outstanding from time to time. As at the effective date of this Management Information Circular, which is May 12, 2011 (the "Effective Date"), the Corporation has 7,004,973 Common Shares issued and outstanding and no preferred shares issued and outstanding.

Only holders of Common Shares of record at the close of business on April 29, 2011 (the "Record Date") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held, except to the extent that (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the votes attached to the Corporation's Common Shares except as set out in the following table:

Name	**Type of Ownership**	**Number of Common Shares Owned or Controlled at the Effective Date(1)**	**Percent of Common Shares Outstanding(1)**
Sentry Select Mutual Funds, Toronto, Ontario	Beneficial	1,325,323	19.12%

(1) On January 1, 2011 K-Bro Linen Income Fund completed a conversion from an income trust into a corporation. Under the terms of the conversion income trust units were exchanged on a 1-to-1 ratio for common shares of K-Bro Linen Inc.

advice to beneficial shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Management Information Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for, against or withhold) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxy holder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxy holder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to Shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

matters to be acted upon at the meeting

If you appoint as your proxy Mr. Smith and Ms. McCurdy (the "**Management Designees**"), the designees set out in the enclosed proxy, and do not specify how you want your Common Shares to be voted, your Common Shares will be voted as follows:

Fix the number of directors and election of directors	FOR
Appointment of independent auditors	FOR
Approval of the long-term incentive plan	FOR

To the knowledge of the Board of Directors of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. Annual Report and Consolidated Financial Statements

The Board of Directors of the Corporation has approved the audited financial statements of K-Bro Linen Income Fund, predecessor to the Corporation, for the year ended December 31, 2010 and the report of the auditor thereon, copies of which have been delivered to all registered Shareholders concurrently with this Management Information Circular. A copy of the audited consolidated financial statements is also available on the Corporation's website at **www.k-brolinen.com.**

2. Fix the Number of Directors and the Election of Directors

The Articles of the Corporation provide that the Corporation shall have not less than three (3) and no more than eleven (11) directors. Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5). In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by the Shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that five (5) directors be elected to hold office until the next Annual General Meeting or until their successors are elected or appointed.

The Board of Directors and management of the Corporation believe the nominees are well qualified to serve as directors, all nominees have confirmed their eligibility and willingness to serve, and knows of no reason why a nominee would be unavailable for election. However, if a nominee is not available to serve at the time of the Meeting, the proxies held by Management Designees will be voted for another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of directors.

Management and the Board recommend that you vote FOR these director nominees. The Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR these nominees, unless directed otherwise by a proxy holder, or such authority is withheld.

Information about the Director nominees includes:

Name and Municipality of Residence	Principal Occupation	Director Since(1)	Ownership of or Control over Common Shares
Ross S. Smith[(2) (3)] West Vancouver, British Columbia	Corporate Director	December 2004	3,790
Matthew B. Hills Boston, Massachusetts	Managing Director, LLM Capital Partners	December 2004	5,000
Steven E. Matyas[(2) (3)] Toronto, Ontario	President, Staples Canada Inc.	December 2004	23,700
Michael B. Percy[(2) (3)] Edmonton, Alberta	Dean, University of Alberta, School of Business	May 2007	-
Linda J. McCurdy Toronto, Ontario	President & Chief Executive Officer, K-Bro Linen Systems Inc.	December 2004	66,182

[(1)] *All of the directors previously served as trustees of K-Bro Linen Income Fund; subsequent to the Conversion all of the trustees continued as directors of the Corporation.*
[(2)] *Member of the Audit Committee of the Board of Directors.*
[(3)] *Member of the Compensation, Nominating and Corporate Governance Committee of the Board of Directors.*

The following directors of the Corporation are directors of other reporting issuers:

Director	Reporting Issuer	Exchange	Committee Appointments
Ross S. Smith	Canfor Corporation	TSX	Audit Committee Pension Committee Management Resources & Compensation Committee
Steven E. Matyas	EPCOR Utilities Inc.	TSX	Human Resources & Compensation Committee Environment, Health & Safety Committee
Michael B. Percy	EPCOR Utilities Inc.	TSX	Human Resources & Compensation Committee Audit Committee

Interlocking Service
In assessing Board member independence, Messrs. Matyas and Percy are both directors on the Board of EPCOR Utilities Inc., a TSX-listed reporting issuer. There are no other interlocking relationships between K-Bro's directors.

Cease Trade Orders or Bankruptcies
No proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

(a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order") that was issued while the proposed director was acting in the capacity as Director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies
Except as noted below, no proposed Director is or has been, within 10 years before the date of this Management Information Circular, a Director or executive officer of any company that, while the proposed Director was acting in that capacity, or within a year of the proposed Director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Hills served on the boards of directors of SMS Modern Cleaning Services Inc., its wholly owned subsidiary, Modern Cleaning Services (Vancouver) Inc., and Aspen Furniture LLC. Mr. Hills resigned as a director of each of these companies prior to their commencement of bankruptcy proceedings.

Personal Bankruptcies
No proposed director has, within 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

Penalties and Sanctions
No proposed director has been subject to:

(a) Any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) Any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed Director.

3. Appointment of Independent Auditors

The Board of Directors recommends appointing PricewaterhouseCoopers LLP, Chartered Accountants, as Auditor for 2011. During the five previous financial years ending December 31, 2010, PricewaterhouseCoopers LLP has served as auditor to K-Bro Linen Income Fund, predecessor to the Corporation. Representatives of the auditor will be present at the Meeting and will be given the opportunity to speak and to answer any questions.

Unless directed otherwise by a proxy holder, or such authority is withheld, the proxy holders intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing PricewaterhouseCoopers LLP, Chartered Accountants, as auditor of the Corporation for the next ensuing year, to hold office until the close of the next annual general meeting of Shareholders. The proxy holders also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the Board of Directors to fix the compensation of the auditor.

Independent Auditor Fees

Aggregate fees billed by the external auditor during the fiscal years ended December 31, 2010 and 2009 were as follows:

Service		**2010**		**2009**
Audit fees	$	116,264	$	122,379
Audit-related fees(1)	$	35,175	$	32,025
Tax fees(2)	$	31,946	$	8,895
All other fees(3)	$	66,720	$	15,030

(1) Includes fees for quarterly interim reviews
(2) Includes fees for tax advice and review of compliance returns
(3) Includes fees for IFRS advisory services and commodity tax advice

4. Approval of the Long-Term Incentive Plan

For a description of the current long-term incentive plan (the "LTIP Plan"), see "Compensation Discussion and Analysis – Long-Term Incentive Plan" below.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without alteration or modification, a resolution (the "New LTIP Resolution"), the full text of which is set forth in Appendix A to this Management Information Circular, approving the New LTIP ("New LTIP") of the Corporation. This summary is qualified in its entirety by reference to the full text of the New LTIP, which is set forth in Appendix B to this Management Information Circular.

The purpose of the New LTIP is to provide officers and senior management employees of K-Bro with compensation opportunities that will encourage ownership of K-Bro, enhance the ability of K-Bro to attract, retain and motivate key personnel and reward officers and key employees of K-Bro for significant performance.

Description of the New LTIP

The proposed New LTIP will provide for the issuance from treasury of Common Shares to be held in trust for the benefit of participants in the plan at the discretion of the Compensation, Nominating and Corporate Governance Committee. Participants under the New LTIP may include Directors, officers or senior management employees of K-Bro.

Under the New LTIP, the Compensation, Nominating and Corporation Governance Committee (the "CNCG Committee") intends to grant awards (each, an "Incentive Amount") annually in respect of the prior fiscal year to such eligible participants as it, in its sole discretion, determines. In satisfaction of his or her Incentive Amount, each participant will be entitled to receive, subject to the terms of the New LTIP, that number of Common Shares (rounded up to the nearest whole number) equal to the quotient obtained by dividing such participant's Incentive Amount by the volume-weighted average price of the Common Shares on the TSX for the five trading days immediately preceding the first May 15th following the date that the Directors of the Corporation approve the audited consolidated financial statements of the Corporation for the prior year (the "Determination Date"). The required number of Common Shares (net of withholding obligations) will be issued from treasury to be held in trust by the LTIP trustee pursuant to the terms of the New LTIP.

Subject to the discretion of the CNCG Committee to accelerate vesting, one-quarter of a Participant's Incentive Amount will vest on the Determination Date. The remaining three-quarters of the Participant's Incentive Amount will vest on the first November 30th following the second anniversary of the Determination Date. If a change of control occurs, all LTIP Shares held by the LTIP Trustee in respect of unvested Incentive Amounts will vest immediately. LTIP participants are entitled to receive dividends on all Common Shares allocated to their account prior to the applicable vesting date. In most circumstances, unvested Common Shares held by the New LTIP trustee for a participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those Common Shares will be disposed of by the New LTIP trustee to K-Bro for no consideration and such Common Shares shall thereupon be cancelled. If a participant is terminated without cause, retires or resigns on a basis which constitutes constructive dismissal, the participant will be entitled to receive his or her unvested Common Shares on the regular vesting schedule under the New LTIP. Upon the death or disability of a participant, or if a participant with over 20 years of employment history with K-Bro for whom the sum of his years of employment and his or her age greater than or equal to 65 resigns or is terminated other than for cause, the participant's unvested Common Shares will vest in full.

In addition, if the CNCG Committee, acting reasonably, determines that a Participant has committed a criminal or quasi-criminal offence that has the effect of causing actual economic loss to K-Bro, including without limitation an act of embezzlement, fraud or insider trading, that Participant may, at the discretion of the CNCG Committee, be required to: repay the share proceeds resulting from any sale or other disposition of Shares acquired by the Participant pursuant to this Plan; and/or immediately transfer to the New LTIP trustee any vested Common Shares then held by such Participant that were acquired by the Participant pursuant to this Plan. Following receipt of such Shares, the Plan Trustee will, as soon as practicable, dispose of such Shares on the open market and pay the proceeds of such disposition, plus any dividends accrued thereon to K-Bro. The CNCG Committee may, in determining the appropriate amount of the claw-back referred to above, take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities.

In addition, if the CNCG Committee, acting reasonably, determines that a Participant has committed a criminal or quasi-criminal offence that has the effect of causing actual economic loss to K-Bro, including without limitation an act of embezzlement, fraud or insider trading, that Participant may, at the discretion of the CNCG Committee, be required to: repay the share proceeds resulting from any sale or other disposition of Shares acquired by the Participant pursuant to this Plan; and/or immediately transfer to the New LTIP trustee any vested Common Shares then held by such Participant that were acquired by the Participant pursuant to this Plan. Following receipt of such Shares, the Plan Trustee will, as soon as practicable, dispose of such Shares on the open market and pay the proceeds of such disposition, plus any dividends accrued thereon to K-Bro. The CNCG Committee may, in determining the appropriate amount of the claw-back referred to above, take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities.

The New LTIP will be administered by the CNCG Committee. The CNCG Committee has the authority to, among other things: (i) determine those individuals who will participate in the New LTIP; (ii) determine the level of participation of each participant; and (iii) the time or times when ownership of the Common Shares issued under the New LTIP will vest for each participant.

Common Shares reserved for issuance to insiders of the Corporation and its subsidiaries pursuant to the New LTIP, together with the number of Common Shares reserved for issuance to such persons pursuant to any other compensation arrangements, shall not exceed 10% of the then outstanding Common Shares; and the number of Common Shares issued to insiders of the Corporation and its subsidiaries pursuant to New LTIP, together with the number of Common Shares issued to such persons pursuant to other compensation arrangements of the Corporation, within any one-year period, shall not exceed 10% of the then outstanding Common Shares. The total number of Common Shares issuable to any non-Director participant under the New LTIP together with any Common Shares reserved for issuance to such participant under any other equity compensation plan of K-Bro shall not exceed 5.0% of the issued and outstanding Common Shares at the date of the grant. Notwithstanding the foregoing, no Incentive Amount shall be granted to a Director participant if such grant would result in such Participant being awarded a greater number of Shares hereunder than the lesser of (i) 1.0% of the Common Shares outstanding at the date of grant of the Incentive Amount; and (ii) within a calendar year, receiving a number of Common Shares underlying the Incentive Amount, which together with any awards to such Participant under any other equity compensation plan of K-Bro, would exceed $100,000 in value based on the Fair Market Value of such Common Shares at the grant date.

The proposed New LTIP provides that the CNCG Committee reserves the right, in its absolute discretion, to amend, suspend or terminate the New LTIP, or any portion thereof, at any time without obtaining the approval of Shareholders, subject to those provisions of applicable law and regulatory requirements (including the rules, regulations and policies of the Toronto Stock Exchange), if any, that require the approval of Shareholders. Such amendments may include, without limitation: (a) minor changes of a "house-keeping nature", including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the New LTIP, or to correct or supplement any provision of the New LTIP that is inconsistent with any other provision of the New LTIP; (b) amending awards under the New LTIP, including with respect to vesting periods, assignability and the effect of termination of a participant's employment; provided that such amendment does not adversely alter or impair a participant's entitlement to any Common Shares previously granted to him or her hereunder without the consent of such participant; (c) amendments necessary to comply with the provisions of applicable law or the applicable rules of the Toronto Stock Exchange, including with respect to the treatment of Common Shares granted under the New LTIP; (d) amendments respecting the administration of the New LTIP; (e) amendments necessary to suspend or terminate the New LTIP; (f) a change relating to the eligibility of any participant in the New LTIP; and (g) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX.

Notwithstanding the foregoing, K-Bro will be required to obtain the approval of the shareholders of K-Bro for any amendment related to: (i) amending the provisions relating to the transferability of a Common Share granted hereunder, other than for transfers by will or the law of succession or to corporations controlled by the individual or family trusts; (ii) amending any insider limits which result in shareholder approval to be required on a disinterested basis; (iii) increasing the maximum number of Common Shares which may be issued under the New LTIP; and (iv) granting additional powers to the Board to amend the New LTIP or entitlements without shareholder approval. Any amendment to any provision of the New LTIP will be subject to any required regulatory or governmental approvals.

A participant will not be entitled to transfer or assign any rights he or she has in the New LTIP or the Common Shares held by the New LTIP trustee.

The proposed New LTIP provides that a maximum of 700,000 Common Shares will be authorized for issuance under the New LTIP (such number representing approximately 10% of Common Shares issued and outstanding as at the date hereof).

Shareholder Approval

To be effective, the New LTIP Resolution must be approved by a majority of the votes cast by Shareholders, present in person or represented by proxy, at the Meeting. The Board of Directors unanimously recommends that the Shareholders vote in favour of the New LTIP Resolution. The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, will cast the votes represented by such proxy in favour of the New LTIP Resolution.

Notwithstanding the approval of the New LTIP Resolution by the Shareholders, the Board of Directors of the Corporation is authorized under the New LTIP Resolution, without further notice to, or approval by, the Shareholders, not to proceed with the matters contemplated by the New LTIP Resolution.

TSX Approval

The New LTIP is subject to the approval of the TSX. The TSX has conditionally approved the New LTIP and the listing of the Common Shares reserved for issuance under the New LTIP, subject to the receipt of shareholder approval.

compensation discussion and analysis

Composition of the Compensation, Nominating and Corporate Governance Committee

The CNCG Committee is comprised of Messrs. Matyas (Chair), Percy and Smith. None of the members of the CNCG Committee were, during the most recently completed financial year, or since March 30, 2004, an officer or employee of the Corporation, K-Bro or any of its subsidiaries. None of the members of the Committee are or have been indebted to the Corporation or any of their respective subsidiaries nor had any interest in any material transaction involving K-Bro or its subsidiaries or was an executive officer of the Corporation and also served as a director or member of the compensation committee of another issuer, one of whose executive officers served either on the compensation committee of the Corporation or as a Director of the Corporation.

The mandate of the CNCG Committee is to review and make recommendations to the Board concerning the appointment of officers of K-Bro and the hiring, compensation, benefits and termination of senior executive officers and all other key employees of the Corporation.

Compensation Strategy

The Corporation's executive compensation program is composed of base salaries and perquisites, short-term incentives in the form of cash bonuses, and long-term incentives in the form of participation in the Corporation's long-term incentive plan (the "LTIP").

The compensation strategy for K-Bro is intended to accomplish the following objectives:

- attract executive officers who have demonstrated superior leadership and management skills;
- retain the services of valued members of the executive team;
- link the interests of the executive officers with those of the Shareholders; and,
- motivate executive officers to achieve excellence within their respective areas of responsibility.

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. Fixed salary comprises a portion of the total cash compensation; however, annual cash bonuses and long-term Share-based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on achievement of applicable targets including Distributable Cash levels. No specific formulae have been developed to assign a specific weighting to each of these components. Instead, the Board of Directors and the CNCG Committee assign compensation based on a subjective assessment of Corporation and individual performance.

Base Salary, Benefits and Perquisites

Base salaries for each Named Executive Officer ("NEO") are based on a subjective assessment of factors such as current competitive market conditions, comparable compensation levels and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual.

Base salary, benefits and perquisites for Ms. McCurdy are determined by the Corporation's Board of Directors on the recommendation of the Committee and have been targeted to reflect current market conditions. Base salary, benefits and perquisites for Messrs. Burrows and Curtis are determined by the Board of Directors on the recommendation of the CNCG Committee, having regard to recommendations made by Ms. McCurdy based on market conditions. Salaries, benefits and perquisites are generally reviewed annually and adjustments are made when determined appropriate.

Base salary, benefits and perquisites for Messrs. Graham and Ostrzyzek are determined by the Corporation's Chief Executive Officer and are subject to the review of the CNCG Committee and the Directors, and have been targeted to approximate compensation levels of executives with similar responsibilities at companies with a similar scope of operations as K-Bro. The CEO has made use of internal compensation studies to assist in her determination of the appropriate levels of compensation. Salaries, benefits and perquisites are generally reviewed annually and adjustments are made when appropriate.

Annual Cash Bonus

All NEOs, including the President and CEO, are eligible to receive a cash incentive bonus tied directly to the Corporation's achievement of financial, operational and strategic objectives and the executive's personal achievements.

For Ms. McCurdy, the target bonus is set at 60% of base salary calculated as follows:

i. 35% of the target bonus is based on the achievement of a specified Distributable Income ("DI") target which is determined annually by the Board of Directors.

ii. 35% of the target bonus is based on the achievement of a specified Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") target which is determined annually by the Board of Directors.

iii. 30% of the target bonus is at the CNCG Committee's discretion.

The DI and EBITDA portions are calculated independently. Fifty percent of the target bonus for DI and EBITDA is achieved when 90% of the specified DI and EBITDA targets are reached, stepping up to 100% of the target bonus when 100% of the specified DI and EBITDA targets (calculated pro rata) are achieved.

A discretionary stretch bonus is also available based on exceeding the base DI and base EBITDA targets.

The CNCG Committee annually considers cash bonus awards for the other named executive officers based on the recommendation of the CEO. The CNCG Committee believes that executives' cash bonuses should reflect the near-term operating, strategic and financial performance and current decision-making that affect long term shareholder value. In that regard, bonuses awarded are intended to be competitive with the market while rewarding named executive officers for:

- delivering near-term financial and operating results;
- developing long-term growth prospects;
- advancing internal talent;
- ensuring positive relationships with stakeholders;
- improving the efficiency and effectiveness of business processes on a continuous basis; and,
- building a culture of mutual respect and teamwork focused on creating long-term shareholder value.

To that end, in determining the appropriate bonus amounts, the CNCG Committee considers recent Corporation performance, each named executive officer's individual performance during the year, competitive market conditions, historical practices, incentive awards for others in the Corporation, and our compensation philosophy.

Long Term Incentive Plan

The officers and key employees of K-Bro are eligible to participate in K-Bro's existing long-term incentive plan. The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance K-Bro's ability to attract, retain and motivate key personnel and reward officers and key employees for significant performance that results in the Corporation exceeding its distributable cash per Common Share targets. Pursuant to the LTIP, K-Bro will set aside a pool of funds based upon the amount, if any, by which the Corporation's per share distributable cash (as measured on a fully-diluted basis) exceeds certain defined per Share distributable cash targets for the fiscal year of the Corporation (the "Performance Period"). The LTIP trustee will purchase Common Shares in the open market with this pool of funds and will hold such Common Shares (the "LTIP Shares") until such time as ownership vests to each participant.

The LTIP was amended in December 2010 to provide for the continuing operation of the plan following completion of the Conversion, as well as to permit the trustee to hold a portion of the pool of funds transferred to it by the Corporation in cash upon the written direction of the CNCG Committee. Any cash held by the LTIP trustee will vest on the same terms as the LTIP Shares.

Under the current LTIP, subject to the CNCG Committee's discretion to accelerate vesting one-quarter of the LTIP Shares (and/or cash) vest thirty days following the date that the Directors of the Corporation approve the audited, consolidated financial statements of the Corporation (the "Determination Date"). The remaining three-quarters vest on the second anniversary of the Determination Date. If a change of control occurs, all unvested LTIP Shares (and/or) will vest immediately. LTIP participants are entitled to receive dividends on all LTIP Shares held for their account prior to the applicable vesting date. In most circumstances, unvested Trust Shares (and/or cash) held by the LTIP trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those LTIP Shares will be sold and the proceeds returned to K-Bro. The LTIP is administered by the CNCG Committee.

The CNCG Committee has the authority to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) the time or times when ownership of the Trust Shares will vest for each participant.

For 2010, the LTIP provides for awards that may be earned based on the amount by which distributable cash exceeds a base distributable amount of $1.10 per Common Share per annum. The percentage amount of that excess that forms the LTIP incentive pool will be determined in accordance with the table below:

Percentage by which Distributable Cash per Share Exceeds Base Threshold	Proportion of Excess Distributable Cash Available for LTIP Payments
5% or less	10%
Greater than 5% to 10%	15% of any excess greater than 5% to 10%
Greater 10%	20% of any excess greater than 10%

The base distributable amount is subject to adjustment by the CNCG Committee from time to time.

LTIP grants made in the most recently completed fiscal year to the Named Executive Officers are set out in the following table:

Name	**Cash Value of LTIP Grant**	**Period Until Maturation & Payout**
Linda J. McCurdy	709,056	1 Year[1]
Christopher T.J. Burrows	72,261	2 Years[2]
Douglas J. Thomson[3]	-	-
Sean P. Curtis	379,368	1 Year[1]
Ronald J. Graham	102,068	1 Year[1]
Jerzy M. Ostrzyzek	102,068	1 Year[1]

(1) Under the terms of the LTIP, the Compensation, Nominating and Corporate Governance Committee has the discretion to accelerate the vesting of LTIP awards. For LTIP grants awarded for services in 2010, the Committee opted to set vesting terms as follows: one-half of the grant vests thirty days following the date that the Directors of the Corporation approve the audited consolidated financial statements of the Fund with the remaining one-half vesting on the first anniversary of the grant.

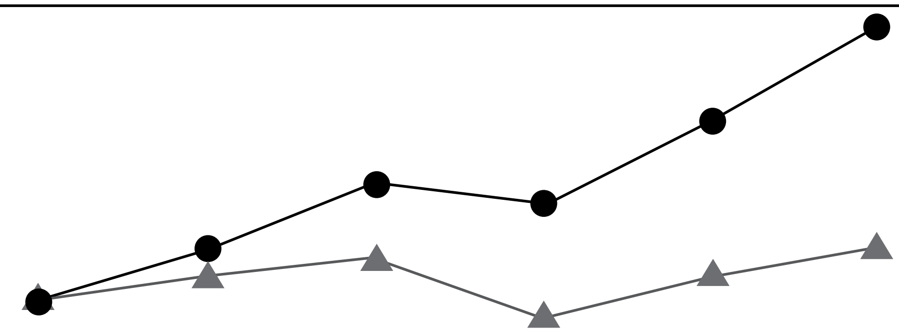
(2) One-quarter of this LTIP grant vests thirty days following the date that the Directors of the Corporation approve the audited consolidated financial statements of the Fund with the remaining three-quarters vesting on the second anniversary of the grant.

(3) Mr. Thomson retired from the Corporation on June 30, 2010 and did not participate in the most recent LTIP grant.

Other Compensation

Executives receive other benefits that the CNCG Committee believes are reasonable and consistent with its overall executive compensation program. Benefits include participation in the Corporation's Registered Retirement Savings Plan and traditional health and welfare programs. In addition, the Corporation provides perquisites such as vehicle allowances to certain senior executives.

performance graph[1][2]



$	2005	2006	2007	2008	2009	2010
K-Bro Linen Inc.	100	128	185	169	229	299
S&P/TSX Composite Index	100	117	129	86	117	137

[1] The graph reflects the total cumulative return, assuming reinvestment of all dividends, of $100 invested on December 31, 2005 in each of the Common Shares of the Corporation and the S&P/TSX Composite (TRIV) Index.
[2] The year-end values of each investment shown on the graph are based on share price appreciation plus dividend reinvestment.

Compensation levels for the Named Executive Officers over the period 2005 to 2010 are generally consistent with the trend of total return on investment charted for K-Bro in the performance graph, reflecting the proportion of at-risk compensation for the Named Executive Officers. Total direct compensation for the Named Executive Officers consisting of base salary, annual cash incentive payment and the value of the annual LTIP equity award is used for the comparison over the period.

A significant portion of compensation is equity-based and the value is directly related to share price performance in the current economic environment. The total direct compensation for the Named Executive Officers in 2010 totals $2.98 million and represents 2.9% of revenue for 2010.

The CNCG Committee annually reviews the total compensation earned and accruing to the President and CEO since her appointment and relates it to the total shareholder return during the same period. In its last review, the CNCG Committee reviewed the total compensation earned by the President and CEO for the year ended December 31, 2010 and found it to be reasonable.

Named Executive Officers

K-Bro's named executive officers are the CEO, CFO and the next three highest paid officers. Their profiles provide a short biography.

Linda J. McCurdy, MBA
President and Chief Executive Officer

Ms. McCurdy joined K-Bro in May 1998 as Chief Financial Officer and became President & Chief Executive Officer in January 2000. Prior to joining K-Bro, she was Chief Financial Officer of Canadian Inovotech Inc., a biochemical products processor. Ms. McCurdy's prior experience also includes six years at the Overwaitea Food Group where she held a number of financial positions. Ms. McCurdy is a Certified General Accountant and has a MBA from the University of Western Ontario.

Christopher T.J. Burrows, CA, CPA
Vice-President and Chief Financial Officer

Mr. Burrows joined the Corporation in June 2010. Prior to joining K-Bro, he was the Vice-President, Finance & Administration of The Churchill Corporation. Mr Burrows' experience also includes seven years with KPMG LLP. He is a Chartered Accountant and a Certified Public Accountant. Mr. Burrows received a BSc (Genetics) and a BCom (Accounting) from the University of Alberta and holds a Masters in Accounting from the University of Saskatchewan.

Douglas J. Thomson, FCA
Vice-President and Chief Financial Officer

Mr. Thomson re-joined K-Bro in 2005 after serving in senior financial executive capacities with the Edmonton Oilers Hockey Club, Lacent Technologies Inc. and EquiTech Corporation. He was formerly with K-Bro from 1992-1999, initially as CFO and ultimately as President & CEO. Mr Thomson retired from the Corporation on June 30, 2010.

Sean P. Curtis
Senior Vice-President and General Manager

Mr. Curtis joined K-Bro in 1984 and has over 27 years of experience in the laundry and linen services industry. As Senior Vice President, Mr. Curtis works directly with K-Bro's President & CEO in the areas of plant expansions, capital equipment installations and business development into new markets.

Ronald J. Graham
General Manager

Mr. Graham originally joined K-Bro in 1984 and has over 20 years of experience in the laundry and linen services industry. Prior to returning to K-Bro and being named General Manager (Vancouver) in 2002, Mr. Graham worked as an independent consultant for the laundry and linen services industry in North America and the United Kingdom. As General Manager (Vancouver), Mr. Graham is responsible for the overall management of K-Bro's original Vancouver operation.

Jerzy M. Ostrzyzek
General Manager

Mr. Ostrzyzek joined K-Bro in 1987 and has over 24 years of experience in the laundry and linen services industry. Mr. Ostrzyzek has served as General Manager (Toronto) since 1995. As General Manager (Toronto), Mr. Ostrzyzek is responsible for the overall management of K-Bro's Toronto operation.

summary compensation table

The following table sets forth all annual and long term compensation for the three (3) most recently completed financial years for services in all capacities to the Corporation and any subsidiaries, in respect of individuals who were acting as, or were acting in a capacity similar to, a Chief Executive Officer or Chief Financial Officer and the three most highly compensated executive officers in 2010 whose total compensation exceeded $150,000 for the year (the NEOs):

Name and Principal Position	Year	Base Salary	Annual Incentive Cash bonus (1)	Share-based Awards(2)	All other Compensation(3)	Total Compensation (4)
Linda J. McCurdy	2010	316,000	316,000	709,056	23,524	1,364,580
President &	2009	316,000	316,000	592,541	23,524	1,248,065
Chief Executive Officer	2008	307,000	253,300	330,439	23,164	913,903
Christopher T.J. Burrows (5)	2010	119,033	19,833	72,261	4,761	215,888
Vice-President &	2009	-	-	-	-	-
Chief Financial Officer	2008	-	-	-	-	-
Douglas J. Thomson (6)	2010	113,500	20,000	-	4,540	138,040
Vice-President &	2008	227,000	22,700	55,769	9,080	314,549
Chief Financial Officer	2009	220,500	11,025	97,540	8,820	337,885
Sean P. Curtis	2010	180,500	100,000	379,368	14,420	674,288
Sr.Vice President &	2009	180,500	100,000	334,611	14,420	629,531
General Manager	2008	175,000	77,500	183,131	14,200	449,831
Ronald J. Graham	2010	149,500	54,850	102,068	13,780	320,198
General Manager	2009	149,500	54,850	87,138	13,780	305,268
	2008	145,500	53,500	49,768	13,600	261,868
Jerzy M. Ostrzyzek	2010	143,500	32,288	102,068	17,776	295,632
General Manager	2009	143,500	-	41,826	17,776	203,102
	2008	139,000	20,433	49,768	17,596	226,797

(1) *Amount consists of annual cash bonuses awarded for the fiscal year noted, to be paid in the subsequent year.*
(2) *These amounts are equity based awards made pursuant to the Corporation's long-term incentive plan; values noted are the total amount granted to the respective employees. The associated shares were purchased by the LTIP trust in April 2011, 2010 and 2009.*
(3) *Represents contributions by the Corporation under the Registered Retirement Savings Plan that match executive contributions up to 4% for the plan, as well as contributions for car allowances and other fees.*
(4) *The Corporation does not itself employ, pay or award compensation to any executive officers. During the year ended December 31, 2010, certain officers of K-Bro Linen Systems Inc. performed policy-making functions in respect of the business of the Corporation, whose securities constitute the only ultimate investment of the Corporation. Accordingly, they may be considered for the purposes of disclosure requirements to be executive officers of the Corporation and disclosure of compensation earned by them as officers of K-Bro.*
(5) *Mr. Burrows joined the Corporation on June 7, 2010.*
(6) *Mr. Thomson's base salary represents the amount paid by the Corporation up to the date of his retirement on June 30, 2010. Mr. Thomson was paid a cash retiring allowance of $20,000 but did not participate in the most recent LTIP grant during 2010.*

Outstanding Share-based Awards ("LTIP")

The following table sets forth details of all share-based LTIP awards outstanding for each NEO of the Corporation as of the most recent financial year-end, including awards granted before the most recently completed financial year.

Name	Number of Shares	Vesting Date	Estimated Market Value of Unvested Shares[1]
Linda J. McCurdy	21,218	April 30, 2011	388,289
	27,866	April 30, 2012	509,948
Christopher T.J. Burrows	Nil	-	Nil
Douglas J. Thomson[2]	6,263	April 30, 2011	114,613
Sean P. Curtis	11,759	April 30, 2011	215,190
	15,737	April 30, 2012	287,987
Ronald J. Graham	3,196	April 30, 2011	58,487
	4,098	April 30, 2012	74,993
Jerzy M. Ostrzyzek	3,196	April 30, 2011	58,487
	1,967	April 30, 2012	35,996

(1) *Based on the closing price of the Common Shares on December 31, 2010 of $18.30 per share.*

(2) *Mr. Thomson retired from the Corporation on June 30, 2010 but retained an LTIP grant that did not immediately vest on retirement but in accordance with the original terms of issue.*

Incentive Plan Awards – Value Vested During the Year

The following table sets forth details of all share-based LTIP awards which vested during the most recently completed year.

Name	Number of Shares	Grant Date	Estimated Market Value of Unvested Shares(1)
Linda J. McCurdy	7,426	April 30, 2008	117,331
	9,289	April 30, 2010	509,948
Christopher T.J. Burrows	Nil	-	Nil
Douglas J. Thomson	2,274	April 30, 2008	35,929
	3,498	April 30, 2010	55,770
Sean P. Curtis	4,270	April 30, 2008	67,466
	5,246	April 30, 2010	83,655
Ronald J. Graham	1,160	April 30, 2008	18,328
	1,366	April 30, 2010	21,785
Jerzy M. Ostrzyzek	1,160	April 30, 2008	18,328
	659	April 30, 2010	10,462

(1) *Market values of the LTIP grants issued in 2008 are based on the closing price of $15.80 per Common Share on April 30, 2010, the date when the grant vested. The market values of the LTIP grants issued on April 30, 2010 are based on the average acquisition cost per Common Share of $15.95 in the open market by the LTIP Trustee.*

Retirement Benefit Plans

Each of the NEOs is eligible to participate in a self-directed group RRSP under which K-Bro matches contributions made by each individual to a maximum of 4% of the individual's base salary. Amounts matched by K-Bro vest immediately. The Corporation does not have defined benefit or defined contribution pension plans.

Termination and Change of Control Benefits

In the event of termination for any reason other than cause, disability, death or conviction of a felony, Ms. McCurdy and Messrs. Burrows, Curtis, Graham and Ostrzyzek are entitled to a lump sum payment equal to 12 months of their base salary and continuation of benefits for twelve months. Employment contracts for these individuals include a one year non-competition clause as well as a three-year non-solicitation clause and confidentiality provisions. The non-competition and non-solicitation restrictions are subject to waiver upon the prior written consent of the Board of Directors, which consent may be unreasonably withheld but not exercised in bad faith. No change of control benefits exist, other than the immediate vesting of a participant's rights under the Long-Term Incentive Plan.

Under the terms of the Long-Term Incentive Plan, any Shares awarded to or earned by the NEO under the LTIP to the date of the triggering event shall immediately vest if there is:

- termination without cause, or
- retirement (as defined), or
- resignation on a basis which constitutes constructive dismissal, or
- termination due to death or disability, or
- change of control of the Corporation.

The following table provides details regarding the estimated incremental payments by the Corporation to each of the NEOs on a change of control or termination without cause, assuming a triggering event occurred on December 31, 2010.

Name	Base Salary(1)	Accelerated Value of Unvested LTIP (2)	Total
Linda J. McCurdy	316,000	898,237	1,214,237
Christopher T.J. Burrows	200,000	-	200,000
Douglas J. Thomson (3)	Nil	114,613	114,613
Sean P. Curtis	180,500	503,177	683,677
Ronald J. Graham	149,500	133,480	282,980
Jerzy M. Ostrzyzek	143,500	94,483	237,983

(1) Upon termination for reasons noted above, not upon change in control.
(2) Based on the closing price of the Common Shares on December 31, 2010 of $18.30 per share.
(3) Mr. Thomson retired from the Corporation on June 30, 2010 but retained an LTIP grant that vested on April 30, 2011 in accordance with the original terms of issue.

compensation of directors

Retainers and Fees

During 2010, Directors of the Corporation (each of whom was, at that time, a trustee of the Fund) each received an annual retainer and fees for meetings of the Board of Directors and for participation in the various standing committees of the Board. The annual Director retainer was $27,500 for all Directors, except the Chair. The Chair was paid a $33,500 annual retainer. All Directors were paid $1,250 each for each Board or Committee meeting attended. Directors are also reimbursed for out-of-pocket travel expenses incurred in respect of their activity as directors. Annual Board and Committee retainers are paid quarterly in arrears and pro-rated for partial service. The total earned in retainers and fees for these services by outside Directors in 2010 was $187,500 all of which was paid in cash.

Board retainers and fees are shown in the table below.

	2010	2011
Board Chair Retainer	33,500	38,500
Board Member Retainer[1]	27,500	35,000
Audit Committee Chair Retainer	3,500	10,000
Other Committee Chair Retainer	3,000	5,000
Committee Member Retainer	-	-
Board Meeting Fees	1,250	1,400
Committee Meeting Fees	1,250	1,250

[1] The Board Member Retainer for fiscal 2010 was paid in cash on a quarterly basis in arrears. Commencing in fiscal 2011 the Board Member Retainer was increased to $35,000 to be paid quarterly, in arrears. Under the terms of the proposed New LTIP, directors may participate in the plan and consequently a component of the board member compensation may be paid in Common Shares issued pursuant to the terms and conditions of the New LTIP, subject to the discretion of the CNCG Committee.

Members of management of K-Bro who serve as Directors do not receive any additional remuneration for acting in the capacity of Director. In addition, all Directors are reimbursed for out-of-pocket expenses for attending meetings of the Board of Directors and Committees.

Directors' Summary Compensation Table

The following table provides information regarding compensation paid to the Directors of the Corporation for the year ended December 31, 2010 in respect of their service as trustees of the Fund.

	Board Retainer	Committee Chair Retainer	Board Committee Meeting Fees	Total Retainer and Fees earned	Other[1]	Total Cash Compensation
Ross S. Smith	$ 33,500	$ 3,500	$ 18,750	$ 55,750	$ -	$ 55,750
Matthew B. Hills	27,500	-	11,250	38,750	138,000	176,750
Steven E. Matyas	27,500	3,000	18,750	49,250	-	49,250
Michael B. Percy	27,500	-	16,250	43,750	-	43,750
Total	$ 116,000	$ 6,500	$ 65,000	$ 187,500	$ 138,000	$ 325,500

(1) *Refer to Interest of Informed Persons in Material Transactions.*

Directors' and Officers' Insurance

Under policies purchased by K-Bro, approximately $10 million of insurance is in effect for the directors and officers of K-Bro against liability for any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty in discharging their duties, individually or collectively. K-Bro is also insured under these policies in the event it is permitted or required by law to indemnify individual directors and officers.

Indebtedness of Directors or Named Executive Officers

No Director or NEO, or former Director or NEO of the Corporation nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

interest of informed persons in material transactions

The Corporation incurred expenses in the normal course of business for advisory consulting services provided by Mr. Matthew Hills, a Director, relating to acquisitions. The amounts charged are recorded at their exchange amounts and are subject to normal trade terms. For the year ended December 31, 2010, the Corporation incurred such fees totalling $138,000.

Other than as set forth above, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any Director or executive officer, proposed nominee for election as a Director or any Shareholder holding more than 10% of the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

report of the compensation, nominating and corporate governance committee

The primary mandate of the CNCG Committee is to:

- Review the Corporation's human resources policies and programs;
- Monitor programs for training and developing senior executives and overseeing the Corporation's succession plan;
- Oversee the form and adequacy of compensation and benefits provided by the Corporation to its executives;
- Administer all incentive compensation plans and programs including the Long-Term Incentive Plan; and,
- Examine and recommend to the Board any changes in the Corporation's pension plans.

The members of the CNCG as at the date of this Management Information Circular are the three independent Directors (Messrs. Smith, Matyas and Percy). Mr. Matyas serves as the Chair of the CNCG Committee.

CNCG Committee Work Plan

The CNCG Committee held four meetings in 2010 and held "in-camera" sessions without the presence of management of the Corporation at the end of each meeting. The Charter of the Committee is attached as Schedule B.

The CNCG Committee retained the services of Mercer, a professional independent advisory firm, to assist in its review and recommendations to the Board with respect to executive and Director compensation assessments for 2010 as well as the amendments to the long-term incentive plan. Total professional fees billed by Mercer were $23,620 in fiscal 2010.

CNCG Committee Approval

The CNCG Committee has reviewed and discussed with management of the Corporation the compensation disclosure in this document, including the information in the Board of Directors section, the Executive Compensation section and the Directors Compensation section. It has recommended that the disclosure be included in the Management Information Circular.

On behalf of the Compensation, Nominating and Corporate Governance Committee

Steven E. Matyas, Chair
Ross S. Smith
Michael B. Percy

statement of governance practices

The following describes the Corporation's governance practices with reference to NP58-201 – Corporate Governance Guidelines and NI58-101 – Disclosure of Corporate Governance Practices (collectively, the "Governance Guidelines"), which are initiatives of the Canadian Securities Administrators.

The Board of Directors and management of K-Bro recognize that effective corporate governance practices are fundamental to the long-term success of the Corporation. Sound corporate governance contributes to Shareholder value through increased confidence. In light of the Governance Guidelines and best practice standards in Canada, the Board of Directors and management have implemented a sophisticated set of governance policies and procedures and are committed to maintaining a high standard of corporate governance.

Composition of the Board of Directors

The Board of Directors is currently composed of five Directors. Assuming that the Shareholders of the Corporation vote in favour of the Director nominees, the number of members of the Board of Directors will remain at five. Ms. McCurdy is not independent as she is the Chief Executive Officer of K-Bro and Mr. Hills is not independent due to consulting fees in excess of $75,000 received in the 12-month period prior to the date of this Management Information Circular. As such, the Board of Directors has a majority of Directors (3-of-5) who are independent. The Board of Directors functions independently of the non independent Directors by holding in camera sessions without the non independent Directors present. For fiscal 2011, in camera sessions will be held with only the independent Directors present at all scheduled Board of Director and Committee meetings and at other times throughout the year as required. In fiscal 2010, the Directors did not hold any in camera sessions as the Directors determined that all issues had been openly and candidly discussed at their meetings as facilitated by the Chair and that separate in camera sessions were unnecessary.

The following table sets forth the number of Board of Directors and Committee meetings held and attendance by Directors for the year ended December 31, 2010:

	Board Meetings Attended	**Committee Meetings Attended**
Ross S. Smith	7 of 8	8 of 8
Matthew B. Hills	8 of 8	N/A
Steven E. Matyas	7 of 8	8 of 8
Michael B. Percy	6 of 8	7 of 8
Linda J. McCurdy	8 of 8	N/A

Board Chair

The Board Chair is a duly elected member of the Board of Directors and is appointed by the Board of Directors each year for a one year term, with such appointment being (except when a vacancy is being filled) at the first meeting of the Board of Directors following the annual general meeting of Shareholders. The Board Chair is independent as such term is defined in the Governance Guidelines.

The responsibilities of the Board Chair are set out in a detailed position description that affirms that the Board Chair is expected to provide leadership to the Directors in discharging their mandate as set out in the Mandate of the Board of Directors. Among other things, the Board Chair generally oversees meetings of the Board of Directors and presides over meetings of the Shareholders. The Board Chair is the liaison between the Directors and management and is responsible for promoting the proper flow of information to the Directors to keep them fully apprised of all material matters.

Board Mandate

The Board of Directors adopted a written mandate (the "Mandate of the Board of Directors") to confirm the Board of Directors' ongoing duties and responsibility for stewardship of the Corporation. A copy of the Mandate of the Board of Directors is attached to this Management Information Circular as Schedule "A". The Board of Directors is responsible for supervising the activities and managing the investments and affairs of the Corporation. The Board of Directors discharges certain responsibilities either directly or through the Audit Committee, the Compensation, Nominating and Corporate Governance Committee and the Disclosure Committee, made up of the Chief Executive Officer and Chief Financial Officer. Please see "Statement of Governance Practices – Disclosure Committee".

Position Descriptions

The Board of Directors has developed and approved detailed position descriptions for the Chair of the Board of Directors, Chair of the Compensation, Nominating and Corporate Governance Committee, Chair of the Audit Committee and the Chief Executive Officer of K-Bro. The Chairs of the Audit Committee and the Compensation, Nominating and Corporate Governance Committee are appointed pursuant to the respective charters for those committees and are responsible for ensuring the responsibilities set out in those charters are fulfilled. The Compensation, Nominating and Corporate Governance Committee is responsible for reviewing and making recommendations to the Board of Directors regarding the position descriptions for the Chair of the Board of Directors, the Chair of each Committee and the Chief Executive Officer.

The Chair of the Board of Directors is responsible for, among other things, overseeing the Board of Directors' discharge of its duties, governing the conduct of the Board of Directors, assisting Committees and acting as a liaison between the Board of Directors and management. Chairs of Committees of the Board of Directors are responsible for, among other things, scheduling, setting agendas for and presiding over committee meetings, and acting as a liaison between the respective Committee and the Board of Directors. The Chief Executive Officer is responsible for, among other things, overseeing the day-to-day operation of the business of K-Bro in accordance with K-Bro's strategic plan and annual budget.

Orientation and Continuing Education

All new Directors receive a comprehensive orientation as soon as practical after their appointment. They are briefed on the role of the Board of Directors, its Committees, the contribution individual Directors are expected to make, and on the nature and operation of the Corporation and K-Bro, including visits to K-Bro's facilities. This is consistent with the Governance Guidelines and enables a new Director to better understand the Corporation and his or her role and responsibilities. Given that the Board of Directors of the Corporation has not changed since Mr. Percy joined the Board in 2007, the Board has not been required to take any measures to orient new directors. If and when a new director is appointed to the Board, the board will consider what additional orientation measures are appropriate at such time.

Directors also participate in a continuing education program that, among other things, assists Directors in maintaining or enhancing their skills and abilities as Directors and to ensure that their knowledge and understanding of the Corporation and K-Bro remains current. The Corporation has a continuing education program for its directors that was developed to help directors maintain or enhance their skills and abilities, and update their knowledge and understanding of the Corporation and its industry. The key components of the program include:

Regular briefings. Directors are briefed regularly (and at least on a quarterly basis) on strategic issues affecting the Corporation, and these briefings include reviews of the competitive environment, K-Bro's performance relative to its peers, and any other developments that could materially affect the Corporation's business. The briefings are conducted by the CEO, CFO and other members of the executive management team, as well as external advisors to the company.

Internal educational seminars. The Board also plans training activities to be held at certain meetings, in addition to regular education sessions and presentations made to the board. For example, recent presentations have been made to the Board relating to proposed new accounting standards.

Code of Business Conduct and Ethics

The Corporation has adopted a Code of Business Conduct and Ethics (the "Code") that sets out the principles that should guide the behaviour of Directors, officers and employees of K-Bro. The Code addresses, among other things, the following issues:

(a) conflicts of interest, including transactions and agreements in respect of which a Director or executive officer has a material interest;

(b) protection and proper use of corporate assets and opportunities;

(c) confidentiality of corporate information;

(d) fair dealing with the issuer's security holders, customers, suppliers, competitors and employees;

(e) compliance with laws, rules and regulations; and,

(f) reporting of any illegal or unethical behaviour.

Monitoring of accounting, internal controls and auditing matters, as well as violations of law, the Code and other policies or directives of the Corporation and K-Bro, occurs primarily through the monitoring of complaints and concerns reported pursuant to the Corporation's Whistleblowing Policy. Any person can report complaints or concerns, which may be on an anonymous basis, by contacting the Chair of the Audit Committee. Confidentiality of complaints received by the Chairman will be maintained to the fullest extent possible, consistent with the need to conduct an appropriate review. When possible, the Chairman will acknowledge receipt of a complaint, although it is not the intention to communicate to the person making the complaint the status of its review or resolution. Upon receipt of a complaint, the Chairman will determine whether the complaint relates to a questionable accounting or auditing matter. Any complaints that relate to such matters will be immediately brought to the attention of, and reviewed under the direction of, the Audit Committee of the Corporation. Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee. The Chairman will maintain a log of all complaints that are received, tracking their receipt, investigation and resolution.

The Board of Directors (or any Committee to whom that authority has been delegated) can grant waivers of compliance with the Code for the benefit of Directors or senior officers in appropriate circumstances. No such waiver has been granted since the adoption of the Code and consequently, the Corporation filed no material change report during the last fiscal year pertaining to any conduct of a Director or executive officer that constitutes a departure from the Code.

A Director or senior officer of K-Bro must disclose, in writing to the Corporation, as applicable, the nature and extent of any interest they have in an actual or proposed material contract or material transaction. A Director or senior officer of K-Bro required to make such disclosures shall not vote on any resolution to approve the contract or transaction unless it relates primarily to their remuneration as a Director or director, officer, employee or agent of the Corporation or K-Bro, as applicable, or is for indemnity or insurance.
In addition to the Code, the Mandate of the Board of Directors provides that the Board of Directors is specifically responsible for satisfying itself as to the integrity of the Chief Executive Officer and senior officers of K-Bro and that the Chief Executive Officer and other senior officers create a culture of integrity throughout the organization.

The Code is available under the Corporation's profile on SEDAR at www.sedar.com or the Corporation's website at **www.k-brolinen.com.**

Audit Committee

Information concerning, among other things, the composition of the Audit Committee and the Audit Committee's Charter, can be found in the Corporation's AIF under the heading "Audit Committee Information", available on SEDAR at www.sedar.com or on the Corporation's website at www.k-brolinen.com.

Disclosure Committee

The Chief Executive Officer and Chief Financial Officer of K-Bro have responsibility for reviewing and updating the Corporation's disclosure policy (the "Disclosure Policy") and in doing so function as a disclosure policy committee ("Disclosure Committee").
The responsibilities of the Disclosure Committee include:

- developing and implementing the Disclosure Policy;
- monitoring the effectiveness of and compliance with the Disclosure Policy;
- ensuring that the Corporation and its subsidiaries' Directors, officers and certain employees are educated with respect to disclosure issues and the Disclosure Policy;
- reviewing and authorizing disclosure of (including electronic, written and oral disclosure) in advance of its public release; and
- monitoring the Corporation's website on a regular basis to ensure that: the website is up to date and accurate; all material information is dated when posted or modified; outdated information is moved to an archive; the archived material is retained for six years; all documents filed on SEDAR are concurrently posted to the website; and all material supplemental information given to analysts, investors and other market professionals are also posted on the website.

This policy may not cover all circumstances and exceptions may be justified from time to time. Any questions and all requests for exceptions from this policy should be made to the Chief Executive Officer and the Chief Financial Officer of K-Bro who will determine whether or not it is appropriate to vary the policy in such circumstances.

Assessments

The CNCG Committee is responsible for developing and recommending to the Board of Directors a process for reviewing the competencies, skills and effectiveness of the Board of Directors as a whole, the CNCG Committees and the contributions of individual Directors on a regular basis. The Committee is also responsible for overseeing the execution of the review process approved by the Board of Directors and management. During the review process the CNCG Committee considers: (i) input from Directors, where appropriate; (ii) attendance of Directors at meetings of the Board of Directors and any Committee; (iii) the Board of Directors' written mandate; (iv) the charter of each Committee; (v) applicable position descriptions for each individual Director and for the Chairs of the Board of Directors and each Committee; and (vi) the competencies and skills each individual Director is expected to bring to the Board of Directors and each Committee.

Shareholder Feedback

The Corporation endeavours to keep all Shareholders well-informed as to the Corporation's financial performance, primarily by means of its annual and quarterly reports, and through news releases.
It is the Corporation's policy to receive and respond promptly to Shareholder enquiries, while being guided by legal requirements as well as the Corporation's policies in respect of confidentiality and disclosure.

other business

As at the date hereof, the Directors are not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting. If any other matters properly come before the Meeting, it is the intention of the persons named in the Form of Proxy to vote in respect of those matters in accordance with their judgment.

additional information

Additional information relating to the Corporation can be found at www.sedar.com or our website at **www.k-brolinen.com**. Additional financial information is contained in the Corporation's audited consolidated financial statements for the years ended December 31, 2010 and 2009, and the Corporation's annual management's discussion and analysis of financial condition and results of operations for fiscal 2010. Copies of the Annual Information Form, the Corporation's Annual Report (including management's discussion and analysis), consolidated financial statements and this Information Circular may be obtained by request to K-Bro Linen Systems Inc., 103, 15023 – 123 Avenue, Edmonton, Alberta, T5V 1J7, Attention: Chief Financial Officer. The Corporation may require the payment of a reasonable charge if the request is made by a person that is not a Shareholder.

board of directors approval

The contents and the sending of this Information Circular to the Shareholders have been approved by the Board of Directors.
DATED at Toronto, Ontario this 12th day of May, 2011.

ON BEHALF OF THE BOARD OF DIRECTORS

Ross S. Smith
Chair of the Board of Directors
K-Bro Linen Inc.

schedule “a”

Mandate of the Board of Directors

The purpose of this Mandate is to set out the mandate and responsibilities of the board of directors (the “**Board**”) of K-Bro Linen Inc. (the “**Corporation**”), subject to the provisions of applicable statutes.

1. **Composition**
The Board shall be constituted with a majority of individuals who qualify as “independent” as defined in National Policy 58-201 – Corporate Governance Guidelines.

2. **Responsibilities of the Board of Directors**
The Board is responsible for the stewardship of the Corporation and in that regard shall be specifically responsible for:

   (a) adopting a strategic planning process and approving, on at least an annual basis, a budget, and evaluating and discussing a strategic plan for the upcoming year which takes into account, among other things, the opportunities and risks of the Corporation's business and investments;

   (b) supervising the activities and managing the investments and affairs of the Corporation;

   (c) approving major decisions regarding the Corporation;

   (d) defining the roles and responsibilities of management;

   (e) reviewing and approving the business and investment objectives to be met by management;

   (f) overseeing management;

   (g) reviewing the Corporation's debt strategy;

   (h) identifying and managing risk exposure;

   (i) ensuring the integrity and adequacy of the Corporation's internal controls and management information systems;

   (j) succession planning;

   (k) establishing committees of the Board, where required or prudent, and defining their respective mandates;

   (l) receiving and evaluating reports and recommendations from the committees of the Board from time to time;

   (m) maintaining records and providing reports to shareholders;

   (n) ensuring effective and adequate communication with shareholders, other stakeholders and the public;

   (o) determining the amount and timing of dividends or distributions to shareholders;

   (p) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and senior officers of K-Bro Linen Systems Inc. (“K-Bro”) and that the Chief Executive Officer and other senior officers create a culture of integrity throughout the organization;

   (q) adopting a communications policy which enables the Corporation to communicate effectively and addresses how the Corporation interacts with all of its stakeholders, including analysts and the public, contains measures for the Corporation to avoid selective disclosure and is reviewed at such intervals or times as the Board deems appropriate; and

   (r) developing the Corporation's approach to governance, including developing a set of governance principles and guidelines that are specifically applicable to the Corporation.

It is recognized that every director in exercising powers and discharging duties must act honestly and in good faith with a view to the best interest of the Corporation. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, directors are expected to carry out their duties in accordance with policies adopted by the Board from time to time.

It is expected that management will co-operate in all ways to facilitate compliance by the Board with its legal duties by causing the Corporation and any subsidiaries of the Corporation to take such actions as may be necessary in that regard and by promptly reporting any data or information to the Board that may affect such compliance.

3. Meetings

The Board will meet not less than four (4) times per year: at least three (3) meetings to review quarterly results, and one (1) prior to the issuance of the annual financial results of the Corporation. The Board shall have an independent Chair and shall meet periodically without management present to ensure that the Board functions independently of management. At each Board meeting, unless otherwise determined by the Board, an in camera meeting of independent directors will take place. Individual directors shall be permitted to engage outside advisors at the cost of the Corporation, subject to the prior approval of the CNCG Committee.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Management attendees will be excused for any agenda items which are reserved for discussion among directors only.

4. Board Meeting Agendas and Information

The Chair, in consultation with management, will develop the agenda for each Board meeting. Agendas will be distributed to the directors before each meeting, and all Board members shall be free to suggest additions to the agenda in advance of the meeting

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the directors in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

5. Measures for Receiving Shareholder Feedback

All publicly disseminated materials of the Corporation shall provide for a mechanism for feedback of shareholders.

6. Telephone Board Meetings

A director may participate in a meeting of the Board or in a committee meeting by means of telephone, electronic or such other communications facilities as permit all persons participating in the meeting to communicate with each other, and a director participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the Board to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters, telephone Board meetings may be required to be called in order for directors to be in a position to better fulfill their legal obligations. Alternatively, management may request the Board to approve certain matters by unanimous consent.

7. Expectations of Management

Management shall be required to report to the Board at the request of the Board on the performance of the Corporation, new and proposed initiatives, the Corporation's business and investments, management concerns and any other matter the Board or its Chair may deem appropriate. In addition, the Board expects management to promptly report to the Chair any significant developments, changes, transactions or proposals respecting the Corporation or any of its subsidiaries.

8. Communications Policy

The Board approves the content of the Corporation's major communications to shareholders and the investing public including the Annual Report, Management Information Circular, the Annual Information Form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the Management Discussion & Analysis) and press releases relating to financial matters. The Board also has responsibility for monitoring all of the Corporation's external communications. However, the Board believes that it is the function of management to speak for the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public.

The Board shall have responsibility for reviewing the Corporation's policies and practices with respect to disclosure of financial and other information including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the Corporation in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Corporation's policies relating to communications and disclosure on an annual basis.

Generally, communications from shareholders and the investment community will be directed to the Chief Executive Officer, who will coordinate an appropriate response depending on the nature of the communication. It is expected, if communications from stakeholders are made to the Chair or to other individual directors, management will be informed and consulted to determine any appropriate response.

9. Internal Control and Management Information Systems

The Board has responsibility for the integrity of the Corporation's internal control and management information systems, and all material matters relating to the Corporation and its business. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Corporation's business.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management and financial reporting is complete and accurate, even though management may be charged with developing and implementing the necessary procedures.

Policy of Practices for Directors

Attendance at Meetings

Each Director is expected to have a very high record of attendance at meetings of the board of Directors, and at meetings of each committee on which the Director sits. A Director is expected to:

(i) advise the Chair as to planned attendance at board and committee meetings shortly after meeting schedules for the year have distributed;

(ii) advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and

(iii) attend a meeting by conference telephone if unable to attend in person.

Preparation for Meetings

Directors are expected to carefully review and consider the materials distributed in advance of a meeting of the board of Directors or a committee of the board of Directors. Directors are also encouraged to contact the Chair, the Chief Executive Officer of K-Bro Linen Systems Inc. and any other appropriate officers to ask questions and discuss agenda items prior to meetings.

Conduct at Meetings

Directors are expected to ask questions and participate in discussions at meetings, and to contribute relevant insights and experience. In discussions at meetings, a Director should:

(i) be candid and forthright;

(ii) not be reluctant to express views contrary to those of the majority;

(iii) be concise and, in most circumstances, respect the time constraints of a meeting; and

(iv) be courteous to and respectful of other directors/Directors and guests in attendance.

Knowledge of the Corporation's Business

Directors are expected to be knowledgeable with respect to the various fields and divisions of business. Although management has a duty to keep the board of Directors informed about developments in the Corporation's business, Directors have a primary duty of care and diligence, which includes a duty of inquiry. Directors should:

- ask questions of management and other directors/Directors, at meetings and otherwise, to increase their knowledge of the business of the Corporation;
- familiarize themselves with the risks and challenges facing the business of the Corporation;
- read all internal memoranda and other documents circulated to the directors, and all reports and other documents issued by the Corporation for external purposes;
- insist on receiving adequate information from management with respect to a proposal before board approval is requested;
- familiarize themselves with the Corporation's competitors by, among other things, reading relevant news, magazine and trade journal articles; and
- familiarize themselves with the legal and regulatory framework within which the Corporation carries on its business.

Personal Conduct

Directors are expected to:

(i) exhibit high standards of personal integrity, honesty and loyalty to the Corporation;

(ii) project a positive image of the Corporation to news media, the financial community, governments and their agencies, shareholders and employees;

(iii) be willing to contribute extra efforts, from time to time as may be necessary including, among other things, being willing to serve on committees of the board; and

(iv) disclose any potential conflict of interest that may arise with the business or affairs of the Corporation and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

appendix "a"

LTIP Resolution

Be it Resolved as an Ordinary Resolution of the Shareholders that:

1. The long-term incentive plan (the "New LTIP") of K-Bro Linen Inc. ("K-Bro"), in a form substantially as set forth in Appendix "B" to the management information circular of K-Bro dated May 12, 2011 (the "Information Circular") is hereby approved, ratified and confirmed with such amendments as may be approved by any one or more of the directors of K-Bro.
2. Notwithstanding that this resolution has been duly passed, the board of directors of K-Bro (the "Board of Directors") may, without further notice to or approval of the holders of common shares of K-Bro, revoke this resolution at any time prior to the New LTIP becoming effective.
3. The Board of Directors or any committee designated pursuant to the New LTIP is hereby authorized to make such amendments to the New LTIP from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board of Directors or committee thereof, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the New LTIP, the approval of the shareholders of K-Bro.
4. Any one director or officer of K-Bro is hereby authorized, for and on behalf of K-Bro, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

appendix "b"

K-Bro Linen Inc. Long-Term Incentive Plan

Established as of May 12, 2011

1. Purpose

The purpose of the Plan is to provide Eligible Participants with compensation opportunities that will encourage ownership of K-Bro, enhance the ability of K-Bro to attract, retain and motivate key personnel and reward officers, Directors and key employees of K-Bro for significant performance.

2. Definitions

Unless the context otherwise specifies or specifically requires, in this Plan:

"Associate" has the meaning ascribed thereto in the Securities Act (Ontario).

"Award Shares" has the meaning set out in Section 4(b).

"Board" means the board of directors of K-Bro.

"Business Day" means any day other than a Saturday, Sunday or other day on which the principal commercial banks in Calgary, Alberta or Toronto, Ontario are not open for business during normal business hours.

"Cause" means cause, as such term is interpreted from time to time by the courts of Alberta or, where cause is defined in the employment contract of an Eligible Participant, as so defined.

"Change of Control Event" has the meaning set out in Section 6(b).

"Committee" means the Compensation, Nominating and Corporate Governance Committee of the Board.

"Constructive Dismissal" means constructive dismissal as such term is interpreted from time to time by the courts of Alberta.

"Determination Date" means, for a Performance Period, the first May 15th (or if May 15th is not a Business Day, on the last Business Day immediately preceding May 15th) following the date that the Board approves the audited financial statements of K-Bro for the Performance Period.

"Director" means each member of the Board other than a member of the Board who is also an employee of K-Bro.

"Disability" means the complete and permanent incapacity of a Participant, as determined by a licensed medical practitioner approved by the Committee, due to a medically determinable physical or mental impairment which prevents such Participant from performing substantially all of the essential duties of his or her office or employment.

"Eligible Participant" means an officer, Director or senior management employee of K-Bro.

"Fair Market Value" at any date means the volume-weighted average trading price of the Shares on the TSX for the five trading days immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion.

"Immediate Vesting Termination Event" has the meaning set out in Section 9(b)(i)(C) below.

"Incentive Amount" means, for a Performance Period, the amount determined by the Committee or its designees to be awarded to a Participant.

"Insider" means any insider, as that term is defined in subsection 1(1) of the Securities Act (Ontario).

"Insider Participant" means a Participant who is (i) an Insider of K-Bro or any of its subsidiaries, and (ii) an Associate of any person who is an Insider by virtue of (i).

"K-Bro" means K-Bro Linen Inc., or any of its direct or indirect subsidiaries, and each of its successors and assigns.

"Long-Term Employee" means an officer or senior management employee of K-Bro who has been employed by K-Bro for a total of at least 20 years which need not be consecutive), for whom the sum of (i) such individual's age, and (ii) the total number of years of employment by K-Bro, is greater than or equal to 65 as of the date of resignation or termination for any reason other than for Cause.

"Participant" means an Eligible Participant who receives an Incentive Amount pursuant to this Plan.

"Participation Agreement" means a signed agreement in writing in the form set out in Schedule A.

"Participation Date" means the date on which a Participant's participation in the Plan is deemed effective, as determined in each case by the Committee in its sole discretion.

"Performance Period" means each fiscal year of K-Bro or such other period as the Committee in its discretion determines.
"Plan" means this Long-Term Incentive Compensation Plan.

"Plan Trustee" means the trustee appointed by the Committee from time to time to hold and distribute Shares to Participants.

"Remittance Contribution" has the meaning set out in Section 5.

"Retirement" means the termination (other than for Cause) or resignation of an officer, Director or senior management employee of K-Bro (other than a Long-Term Employee) from that capacity at age 65 or older.

"Shares" means the common shares in the capital of K-Bro.

"TSX" means the Toronto Stock Exchange.

"Undisclosed Material Information" means any material information, as defined in K-Bro's Insider Trading Policy as it may be amended or supplemented from time to time, that has not been publicly disseminated by K-Bro;

"Withholding Obligation" has the meaning set out in Section 5.

"Without Fault Termination Event" has the meaning set out in Section 9(b)(i)(B).

3. General
The Plan will be administered by the Committee. The Committee will have the sole and complete authority to: (i) determine those Eligible Participants who will participate in the Plan; (ii) determine the level of participation of each Participant; (iii) interpret the Plan and to adopt, amend and rescind any administrative guidelines; and (iv) make all other determinations and to take all actions necessary or advisable for the implementation and administration of the Plan, subject to Sections 11 and 18. All decisions and determinations of the Committee respecting the Plan will be binding and conclusive on the Plan and the Participants.

4. Grant Of Incentive Amount
(a) On or prior to the Determination Date following the end of a Performance Period, the Committee will grant an Incentive Amount in respect of such Performance Period to such Eligible Participants as it, in its sole discretion, determines. No person, whether or not an Eligible Participant, will be entitled as of right to participate in the Plan and the Committee will be entitled to decide, in its discretion, which Eligible Participants will have the opportunity to participate in the Plan and the extent of such participation. An Incentive Amount granted to an Eligible Participant in respect of a Performance Period shall not entitle the Eligible Participant to any Incentive Amount in respect of any future Performance Periods.

(b) In satisfaction of his or her Incentive Amount, each Participant will be entitled to receive, subject to the terms of the Plan, that number of Shares (rounded up to the nearest whole number) (the "Award Shares") equal to the quotient obtained by dividing such Participant's Incentive Amount by the Fair Market Value on the Determination Date.

(c) Participation in the Plan by each Participant is conditional on the Participant signing a Participation Agreement and will be effective as of the Participation Date.

5. Withholding
The Participant shall be solely responsible for all taxes payable in connection with all Incentive Amounts awarded to such Participant under this Plan. The Board and/or the Committee may adopt and apply rules that will ensure that K-Bro or the Plan Trustee may comply with all federal, provincial, foreign, state or local laws relating to the withholding of tax or other levies on employment compensation in relation to payments and distributions contemplated in this Plan. Such parties may withhold from amounts payable to a Participant, under the Plan or otherwise, and shall have the absolute right to satisfy such withholding obligation (the "Withholding Obligation") by making arrangements with a Participant providing for the payment to K-Bro (whether by way of direct cash payment by the Participant or withholding by K-Bro from amounts otherwise payable to the Participant) of up to the full amount of such Participant's Withholding Obligation, such amount (the "Remittance Contribution") to be used by K-Bro to satisfy (in whole or in part) such Participant's Withholding Obligation; provided that in no event shall a Participant's Remittance Contribution be less than the positive difference between such Participant's Withholding Obligation and 25% of the Participant's Incentive Amount. K-Bro shall withhold from a Participant's Incentive Amount an amount equal to the difference (if any) between such Participant's Withholding Obligation and his or her Remittance Contribution.

6. Vesting Of Shares
(a) Vesting Terms
Other than as provided in Sections 6(b), 9(b) or 11(b), a Participant's entitlement to his or her Incentive Amount will vest (which vesting shall apply first to the difference, if any, between the Participant's Withholding Obligation and his or her Remittance Contribution):

(i) as to 25% of such Participant's Incentive Amount, on the first Determination Date following the applicable Performance Period, and

(ii) as the remaining 75% of such Participant's Incentive Amount on the first November 30th (or if November 30th is not a Business Day, on the last Business Day immediately preceding November 30th) following the second anniversary of such Determination Date.

(b) Change of Control
If any person, entity or group of persons or entities acting together acquires, directly or indirectly, in the aggregate more than 50% of the Shares and/or voting securities of K-Bro legally or beneficially or upon a sale whereby all or substantially all of the undertakings and assets of K-Bro become the property of any other entity (other than pursuant to an internal reorganization unrelated to any third party acquisition of Shares, other voting securities of K-Bro or the undertakings or assets of K-Bro) (each, a "Change of Control Event"), then the Participant will, as soon as reasonably practicable following the date of the Change of Control Event, receive all Shares held by the Plan Trustee and allocated to such Participant in respect of unvested Incentive Amounts; provided, that if the Plan Trustee holds cash or has received other securities in consideration of the Shares held for the benefit of Participants following the occurrence of a Change of Control Event, such cash or other securities shall be distributed to Participants in accordance with the provisions of this Section 6(b), mutatis mutandis.

(c) Insider Trading Policy
In dealing with Shares under this Plan, each Participant and the Plan Trustee will comply in all respects with applicable law, the insider trading policy of K-Bro in effect at the relevant time, if any, and any other applicable policies or guidelines of K-Bro.

7. Issuance And Holding Of Shares By The Plan Trustee

(a) Immediately following the Determination Date:

(i) in respect of each Participant, K-Bro will issue a treasury direction to K-Bro's transfer agent to issue a share certificate registered in the name of such Participant in respect of that number of Shares equal to 25% of the quotient obtained by dividing (A) such Participant's Incentive Amount less the difference between his or her Withholding Obligation and his or her Remittance Contribution, by (B) the Fair Market Value on the Determination Date;

(ii) K-Bro will issue a treasury direction to K-Bro's transfer agent to issue a share certificate registered in the name of the Plan Trustee, in its capacity as trustee hereunder, in respect of that number of Shares equal to 75% of the aggregate number of Award Shares granted to all Participants for the applicable Performance Period;

(iii) the Plan Trustee will allocate to each Participant's account his or her proportionate share of the Shares issued pursuant to Section 7(a)(ii);

(iv) the Plan Trustee will hold such allocated Shares for the Participants until such time as the Shares are distributed to the Participants pursuant to Sections 6(a)(ii), 6(b), 9(b)(i)(B) or 9(b)(i)(C) or are forfeited pursuant to Section 9(c); and

(v) the Plan Trustee will, subject to Section 9(b), remit any dividends on such allocated Shares to the relevant Participants forthwith after receipt thereof.

(b) Upon the vesting in full of a Participant's Incentive Amount, such Participant may request that all or a portion of his or her allocated Shares be transferred to his or her name or an external account in his or her name, or be sold. The Participant will be responsible for paying any brokerage commissions and share sale processing fees on Share sales.

(c) Upon the vesting in full of a Participant's Incentive Amount, Shares allocated to a Participant's account will be voted by the Plan Trustee in accordance with the directions, if any, of the Participant. Allocated Shares will not be voted by the Participant prior to the vesting in full of a Participant's Incentive Amount.

8. Limits On Shares Reserved For Issuance

(a) The maximum aggregate number of Shares reserved for issuance under this Plan and all other equity compensation plans of K-Bro shall not exceed 700,000 (subject to appropriate adjustments in respect of subdivisions, consolidations, conversions, exchanges or reclassifications of the Shares), as calculated immediately prior to the issuance in question.

(b) The total number of Shares issuable to any non-Director Participant under this Plan together with any Shares reserved for issuance to such Participant under any other equity compensation plan of K-Bro shall not exceed 5.0% of the issued and outstanding Shares at the date of the grant of the Incentive Amount.

(c) Notwithstanding the foregoing, no Incentive Amount shall be granted to a Director Participant if such grant would result in such Participant being awarded a greater number of Shares hereunder than the lesser of (i) 1.0% of the Shares outstanding at the date of grant of the Incentive Amount; and (ii) within a calendar year, receiving a number of Shares underlying the Incentive Amount, which together with any awards to such Participant under any other equity compensation plan of K-Bro, would exceed $100,000 in value based on the Fair Market Value of such Shares at the grant date.

(d) The total number of Shares issuable to all Insider Participants under this Plan, together with any Shares issuable to all Insider Participants under any other equity compensation plan of K-Bro, shall not, within any one-year period, exceed 10% of the issued and outstanding Shares at the date of the grant of the Incentive Amounts.

(e) The total number of Shares issuable to all Insider Participants under this Plan, together with any Shares issuable to all Insider Participants period under any other equity compensation plan of K-Bro, shall not exceed 10% of the issued and outstanding Shares at any time.

9. Expiry, Termination And Forfeiture

(a) Expiry of Right to Payment

Subject to earlier termination pursuant to Section 9(b), a Participant's right to receive Shares hereunder will expire when the Shares held by the Plan Trustee for the benefit of the Participant pursuant to Section 7 above are distributed to the Participant.

(b) Termination of Employment

Upon termination of a Participant's employment or service as a Director with K-Bro, the Participant will immediately cease to be a Participant for the purposes of the then-current Performance Period and all Participation Periods that commence on or after the effective date of such termination.

(i) Notwithstanding the foregoing provisions of Sections 4, 6 and 7, if the employment or directorship of a Participant is terminated prior to the date on which such Participant's entitlement to Shares vests pursuant to Section 6(a), the Participant's right to receive the unvested portion of the Shares held by the Plan Trustee for the benefit of that Participant will be determined as follows:

(A) if the employment or directorship of the Participant is terminated for Cause or the Participant resigns (other than on a basis which constitutes Constructive Dismissal), then no unvested portion of the Shares held by the Plan Trustee for the benefit of the Participant will vest;

(B) other than as provided for in Section 9(b)(i)(C) below, if the employment or directorship of such Participant is terminated without Cause or because of the Retirement of the Participant, or the Participant resigns on a basis which constitutes Constructive Dismissal (each a "Without Fault Termination Event"), the Participant will be entitled to receive, on the vesting schedule determined pursuant to Section 6(a) above, all of such Participant's allocated Shares); or

(C) notwithstanding Section 9(b)(i)(A), if the employment or directorship of such Participant is terminated due to the death or Disability of such Participant, or if such Participant is a Long-Term Employee and resigns or is terminated for any reason other than for Cause (each, a "Immediate Vesting Termination Event"), the Participant, or the Participant's personal representative, as the case may be, will as soon as reasonably practicable following the date of the Immediate Vesting Termination Event receive all of such Participant's allocated Shares.

(ii) A Participant will be entitled to receive dividends paid or payable on the Shares held by the Plan Trustee, together with any interest earned thereon, for the benefit of the Participant up to and including the date that the employment of the Participant with K-Bro is terminated.

(c) Forfeiture of Unvested Shares

Any Shares that do not vest in Participants pursuant to the provisions hereof will be forfeited and will not vest in any Participant. The Plan Trustee will, as soon as practicable, dispose of such Shares to K-Bro for no consideration and such Shares shall thereupon be cancelled.

10. Claw-Back Provision

(a) If the Committee, acting reasonably, determines that a Participant has committed a criminal or quasi-criminal offence that has the effect of causing actual economic loss to K-Bro, including without limitation an act of embezzlement, fraud or insider trading, that Participant may, at the discretion of the Committee, be required to:

(i) repay the share proceeds resulting from any sale or other disposition of Shares acquired by the Participant pursuant to this Plan. The term "share proceeds" means, with respect to any sale or other disposition of Shares acquired by the Participant under this Plan, an amount determined appropriate (on an "after-tax" basis taking into account any tax recoupment possible after the claw-back) by the Committee to reflect the seriousness of the Participant's actions, up to the amount equal to the proceeds received by the Participant on the sale or other disposition of such Shares; and/or

(ii) immediately transfer to the Plan Trustee any vested Shares then held by such Participant that were acquired by the Participant pursuant to this Plan. Following receipt of such Shares, the Plan Trustee will, as soon as practicable, dispose of such Shares on the open market and pay the proceeds of such disposition, plus any dividends accrued thereon to K-Bro.

(b) The Committee may, in determining the appropriate amount of the claw-back referred to above, take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The Committee's power to determine the appropriate punishment for the Participant is in addition to, and not in replacement of, any remedies which may be imposed by such entities and any other remedies available to K-Bro. The amounts which may be clawed-back under this Section 10 are a reasonable pre-estimate of the damages which would be suffered by K-Bro in the event of the misconduct described above by a Participant and shall not be construed as a penalty. If any court or arbitrator determines that any provision contained in this Section 10 is unenforceable because of the duration of the provision or for any other reason, the duration or scope of the provision, as the case may be, shall be reduced so that the provision becomes enforceable and, in its reduced form, the provision shall then be enforceable and shall be enforced.

11. Amendment

The Committee reserves the right, in its absolute discretion, to amend, suspend or terminate this Plan, or any portion thereof, at any time without obtaining the approval of shareholders of K-Bro, subject to those provisions of applicable law and regulatory requirements (including the rules, regulations and policies of the TSX), if any, that require the approval of shareholders. Such amendments may include, without limitation:

(a) minor changes of a "house-keeping nature", including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;

(b) amending awards under the Plan, including with respect to vesting periods, assignability and the effect of termination of a Participant's employment; provided that such amendment does not adversely alter or impair a Participant's entitlement to any Shares previously granted to him or her hereunder without the consent of such Participant;

(c) amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX, including with respect to the treatment of Shares granted under the Plan;

(d) amendments respecting the administration of the Plan;

(e) amendments necessary to suspend or terminate the Plan;

(f) a change relating to the eligibility of any Participant or Eligible Participant in the Plan; and

(g) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX.

Notwithstanding the foregoing, K-Bro will be required to obtain the approval of the shareholders of K-Bro for any amendment related to:

(i) amending the provisions relating to the transferability of a Share granted hereunder, other than for transfers by will or the law of succession or to corporations controlled by the individual or family trusts;

(ii) amending any Insider Participant limits which result in shareholder approval to be required on a disinterested basis;

(iii) increasing the maximum number of Shares which may be issued under the Plan; and

(iv) granting additional powers to the Board to amend the Plan or entitlements without shareholder approval.

Any amendment to any provision of the Plan will be subject to any required regulatory or governmental approvals.

12. Cost And Notices.

(a) The cost of the operation of the Plan will be borne by K-Bro.

(b) All notices under the Plan will be in writing and, if to K-Bro, will be delivered to K-Bro by first class post to its head office, and if to a Participant, will be delivered personally or sent by first class post to the Participant at the address which the Participant will give for the purpose, or failing any such address to the Participant's last known place of residence. At any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, if a notice is sent by post, service thereof will be deemed to be effected by properly addressing, prepaying and posting a letter containing the same to such address and will be deemed to be served 48 hours after such posting. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices will be delivered personally or sent by facsimile or other means of electronic communication, and will be deemed to have been received on the business day following the sending, or if delivered personally will be deemed to have been received at the time it is delivered to the applicable address.

13. No Fractional Shares

No fractional Shares shall be distributed to Participants in satisfaction of any entitlements under the Plan.

14. Subject To Approval

The Plan is adopted subject to the approval, if required, of the TSX and the shareholders of K-Bro and any other required regulatory or stock exchange approval. To the extent a provision of the Plan requires regulatory approval which is not received, such provision shall be severed from the remainder of the Plan until the approval is received and the remainder of the Plan shall remain in effect.

15. Interpretation

In this Plan, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

16. No Right To Employment

Neither participation in the Plan nor any action under the Plan will be construed so as to give any Participant a right to continue as a Director, officer or senior management employee of K-Bro.

17. Non-Transferability

A Participant will not be entitled to transfer, assign, charge, pledge or hypothecate, or otherwise alienate, whether by operation of law or otherwise, any rights the Participant has in the Plan or to the Shares held by the Plan Trustee.

18. Termination

The Board may at any time terminate the Plan provided that such termination will not affect any rights of Participants to receive Shares in respect of an Incentive Amount granted to such Participant prior to the effective date of such termination.

19. Choice Of Laws

This Plan will be governed by the laws of the Province of Alberta.

schedule "b"

K-Bro Linen Inc. Long-Term Incentive Plan

Established as of May 12, 2011

Participation Agreement And Confirmation

[Name of Employee] ("**Participant**")

Pursuant to Long-Term Incentive Plan (the "**Plan")** of K-Bro Linen Inc. ("**K-Bro**") and in consideration of services provided to K-Bro by the Participant in respect of the year ending December 31, 20 , K-Bro hereby grants to the Participant $_________ under the Plan, such amount representing the Participant's Incentive Amount for such year.

Capitalized terms not defined in this agreement have the meanings given in the Plan.

K-Bro and the Participant understand and agree that the granting of the Incentive Amount is subject to the terms and conditions of the Plan (including the claw-back provisions in Section 10 of the Plan), all of which are incorporated into and form a part of this agreement.
DATED ______________________, 20________.

			K-Bro Linen Inc.
			By:
			Name: Title:

I acknowledge receipt of a written copy of the Plan, acknowledge that I have reviewed and understand the provisions of the Plan, and agree to the terms and conditions set out therein and herein (including the claw-back provisions in Section 10 of the Plan) and confirm and acknowledge that I have not been induced to enter into this agreement or acquire any Shares hereunder or any other interest in the Plan or K-Bro by expectation of employment or continued employment with K-Bro.

☐ I attach a cheque payable to K-Bro in the amount of $_____________ (the "**Remittance Contribution**") in full / partial satisfaction of my Withholding Obligation and hereby direct K-Bro to satisfy any remaining Withholding Obligation by reducing the number of Award Shares I would otherwise be entitled to receive under the Plan by a number of Shares (rounded up to the nearest whole number) equal to the quotient obtained by dividing (i) the difference between my Withholding Obligation and my Remittance Contribution by (ii) the Fair Market Value on the Determination Date.

		Signature

		Name (please print)

K-Bro Linen Inc.