notice of annual general meeting & management information circular

ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 14, 2012

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 2012 Annual General Meeting of Shareholders. The event will be hosted at:

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

WHEN: Thursday, June 14, 2012
10:00 a.m. (Eastern Time)

At the meeting, we will report on K-Bro's financial and operating performance in 2011, the first quarter of 2012 and discuss our plans for the remainder of the year. In addition, you will have an opportunity to meet with our 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 general 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 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 MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general 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, VIP Room, 123 Queen Street West, Toronto, Ontario on Thursday, June 14, 2012 at 10:00 a.m. (Eastern time) for the following purposes:

1. **TO RECEIVE AND CONSIDER** the audited consolidated financial statements for the year ended December 31, 2011, together with the report of the auditors thereon;
2. **TO ELECT** the directors of the Corporation 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; and,
4. **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 Common 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 3000 – 10303 Jasper Avenue, Edmonton, Alberta, T5J 3X6, no later than 8:00 a.m. (Mountain Time) on June 11, 2012 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 Edmonton, Alberta this 2nd day of May, 2012.

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 Shareholders of K-Bro Linen Inc. and potential investors 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 (the "Circular") 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 Circular. 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 Circular 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 Circular may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this Circular.

All forward-looking information in this Circular is qualified by these cautionary statements. Forward-looking information in this Circular 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 Circular is furnished in connection with the solicitation of proxies by the management of K-Bro for use at the Annual General 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 14th day of June, 2012 at 10:00 a.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 2nd day of May, 2012, 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 Inc. 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 3000 – 10303 Jasper Avenue, Edmonton, Alberta, T5J 3X6 or by fax to the attention of Proxy Department, Valiant Trust Company at 780.441.2247, at any time up to and including 8:00 a.m. (Mountain time) on June 11, 2012. 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 3000 – 10303 Jasper Avenue, Edmonton, Alberta, T5J 3X6 or by fax to the attention of Proxy Department, Valiant Trust Company at 780.441.2247 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 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.

Certain References

All references to "K-Bro" or the "Corporation" in this Circular 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. was incorporated under the Business Corporations Act (Alberta) ("ABCA") on November 20, 2010. The Corporation succeeded the K-Bro Linen Income Fund (the "Fund") following the completion of the conversion on January 1, 2011 from an income trust to a corporation pursuant to a court-approved plan of arrangement under the ABCA (the "Conversion"). Prior to its dissolution following completion of the Conversion, the Fund was an unincorporated, open-ended limited purpose trust established under the laws of the Province of Alberta by a declaration of trust dated December 10, 2004, as amended and restated on February 3, 2005. The Fund was created for the purpose of acquiring, directly or indirectly, all of the issued and outstanding securities of K-Bro Linen Systems Inc. from certain employees and executives thereof and K-Bro Holdings L.P.

As a result of the Conversion, the Corporation came to own, directly and indirectly, all of the outstanding units of the Fund. Following completion of the Conversion, the Fund ceased to be a reporting issuer under applicable Canadian securities legislation. The Conversion involved, among others, K-Bro Linen Income Fund, K-Bro Linen Systems Inc., and K-Bro Linen Ltd. Prior to the Conversion the Corporation did not carry on any active business, other than executing certain agreements pursuant to and required by the Conversion.

Despite the change in legal structure from a trust to a corporation in fiscal 2011, there were no changes in K-Bro's business activities, business strategy, officers or directors. The Corporation is a reporting issuer in all provinces and territories of Canada.

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 Circular, which is May 2, 2012 (the "Effective Date"), the Corporation has 7,006,365 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 30, 2012 (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	Percent of Common Shares Outstanding
Sentry Select Mutual Funds, Toronto, Ontario	Beneficial	1,363,423	19.46%

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 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 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

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 consolidated financial statements of K-Bro Linen Inc. for the year ended December 31, 2011 and the report of the auditor thereon, copies of which have been delivered to all registered Shareholders concurrently with this Circular. A copy of the audited consolidated financial statements is also available on the Corporation's website at www.k-brolinen.com.

2. Fixing the Number of Directors and Electing the 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:

MATTHEW B. HILLS (Boston, Massachusetts)

Age: 52
Director since: 2004
Not independent[1]
K-Bro Committees:
None
Total compensation for 2011:
$184,200
Attendance record:
Board - 8 of 8
Ownership or Control of Shares:
5,348

Matt Hills is a Managing Director of LLM Capital Partners, a private equity firm. He was the senior partner at BG Affiliates, the private equity group that acquired K-Bro in 1997. Matt has also held positions at Signature Capital, LEK Partnership, Drexel Burnham Lambert and Bain & Company. Matt provides advisory consulting services to the Corporation primarily in the area of acquisitions.[1] Matt received an MBA from Harvard Business School and a BA (Economics and Politics) from Brandeis University.

Current directorships:
Hedge funds managed by Basso Capital Management
Vology Inc.
Waythere Inc.

Previous directorships:
SMS Modern Cleaning Services
American Shared Hospital Services (NYSE: AMS)
IXI Mobile Inc. (IXMO: OTC US)
Aspen Furniture LLC

[1] see *Interest of Informed Persons in Material Transactions*

2. Fixing the Number of Directors and Electing the Directors (continued)

STEVEN E. MATYAS (Toronto, Ontario)

Age: 58
Director since: 2004
Independent
K-Bro Committees:
Audit
Compensation (Chair)
Total compensation for 2011:
$59,950
Attendance record:
Board - 8 of 8
Audit - 4 of 4
Compensation 3 of 3
Ownership or Control of Shares:
24,048

Steven Matyas is currently the President of Staples Canada Inc., where he has held various positions since 2000. He previously served as Executive Vice-President and Chief Operating Officer at Flertom Investments Inc. Steve also held the same position at SuperPharm Ltd. Steve holds a BSc (Genetics) from the University of Toronto.

Current directorships:
Ryerson University, School of Retail, Advisory Board
University of Alberta, School of Retail, Advisory Board

Previous directorships:
Epcor Utilities Inc.

LINDA J. MCCURDY (Toronto, Ontario)

Age: 44
Director since: 2004
Not Independent
K-Bro Committees:
Not eligible
Total compensation for 2011:
No compensation received for services as a director
Attendance record:
Board - 8 of 8
Linda is not a member of any Board committee, but regularly attends Committee meetings.
Ownership or Control of Shares:
115,266

Linda 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, Linda was Chief Financial Officer of Canadian Inovotech Inc. Her prior experience also includes six years at the Overwaitea Food Group where she held a number of financial positions. Linda is a Certified General Accountant and holds an MBA from the University of Western Ontario.

Current directorships:
None

Previous directorships:
None

Please see pages 12 through 15 for details on compensation received for 2011 as President and Chief Executive Officer.

MICHAEL B. PERCY (Edmonton, Alberta)

Age: 64
Director since: 2007
Independent
K-Bro Committees:
Audit
Compensation
Total compensation for 2011:
$52,300
Attendance record:
Board - 7 of 8
Audit - 4 of 4
Compensation - 2 of 3
Ownership or Control of Shares:
348

Michael Percy is a Professor of Strategic Management in the School of Business at the University of Alberta. Previously Dr. Percy served as Dean, School of Business for three consecutive terms. Mike received a BA (Honours) from the University of Victoria, and an MA (Economics) and PhD (Economics) from Queen's University.

Current directorships:
Epcor Utilities Inc.
Alberta Treasury Branches
STARS

Previous directorships:
Timber Holdings
Alberta Economic Development Authority
Matrikon Inc.

ROSS S. SMITH (West Vancouver, British Columbia)

Age: 73
Director since: 2004
Independent
Board Chair
K-Bro Committees:
Audit (Chair)
Compensation
Total compensation for 2011:
$75,950
Attendance record:
Board - 8 of 8
Audit - 4 of 4
Compensation - 3 of 3
Ownership or Control of Shares:
3,138

Ross Smith is a corporate director. Previously he served in numerous roles over a 35-year career at KPMG, including Senior Partner for British Columbia, prior to his retirement in 1998. Ross became a Chartered Accountant in 1962 and obtained his FCA designation from the Institute of Chartered Accountants of BC in 1990. In 2010, Ross was honoured with a Lifetime Achievement Award from the Institute.

Current directorships:
Kal Tire Holdings Ltd.
N&T Properties Ltd.
Canfor Corporation (TSX: CFP)
Rotherham Holdings Ltd.
Marsh Canada Limited Advisory Board
University of British Columbia

Previous directorships:
HSBC Bank Canada

Interlocking Service

In assessing Board member independence, Messrs. Matyas and Percy were previously directors on the Board of Epcor Utilities Inc., a TSX-listed reporting issuer. This interlocking relationship ended in June 2011 when Mr. Matyas retired from the Board of Epcor. There are no other interlocking relationships among K-Bro's directors.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Within the 10 years ended May 2, 2012, K-Bro is not aware of any proposed director of the Corporation who had been a director, chief executive officer or chief financial officer of any issuer which was subject to an order that was issued while the director was acting in such capacity, or that was issued after the director ceased to be acting in such capacity and which resulted from an event that occurred while the director was acting in such capacity.

Except as noted below, within the 10 years ended May 2, 2012, K-Bro is not aware of any proposed director of the Corporation who had been a director or executive officer of any issuer which, while that person was acting in that capacity or within a year of ceasing to act in that capacity, became bankrupt or 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., and its wholly owned subsidiary, Modern Cleaning Services (Vancouver) Inc. Mr. Hills resigned as a director of each of these companies prior to their commencement of bankruptcy proceedings in 2002.

No proposed director has, within 10 years before the date of this 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.

3. Appointment of Independent Auditors

The Board of Directors recommends appointing PricewaterhouseCoopers LLP, Chartered Accountants, as Auditor for fiscal 2012. During the five previous financial years ending December 31, 2011, PricewaterhouseCoopers LLP has served as auditor to K-Bro Linen Inc., and previously 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, 2011 and 2010 were as follows:

Service	2011	2010
Audit fees	$ 104,000	$ 116,264
Audit-related fees[(1)]	$ 40,500	$ 35,175
Tax fees[(2)]	$ 23,214	$ 31,946
All other fees[(3)]	$ 101,309	$ 66,720

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

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 CNCG 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 "LTI Plan").

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 income 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.

No significant changes in compensation policies or practices are presently being considered for the next fiscal year.

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 CNCG 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, there are two cash bonus programs provided to her which are defined as follows:

1. Target bonus up to 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 CNCG Committee;
   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 CNCG Committee; and,
   iii. 30% of the target bonus is at the discretion of the CNCG Committee.

   Fifty percent of the target bonus for DI and EBITDA is earned when 90% of the specified DI and EBITDA targets are achieved, increasing to 100% of the target bonus when 100% of the specified DI and EBITDA targets (calculated pro rata) are achieved.

2. Stretch bonus up to 60% of base salary, calculated as follows:
   i. 50% of the stretch bonus is based on the Corporation exceeding a specified DI target which is determined annually by the CNCG Committee. For each percentage by which the Corporation's DI exceeds the approved stretch target, 2.5% of the stretch bonus is earned. The maximum amount for which the DI stretch bonus is paid is based on DI exceeding target by 20%;
   ii. 50% of the stretch bonus is based on the Corporation exceeding a specified EBITDA target which is determined annually by the CNCG Committee. For each percentage by which the Corporation's EBITDA exceeds the approved stretch target, 2.5% of the stretch bonus is earned. The maximum amount for which the EBITDA stretch bonus is paid is based on EBITDA exceeding target by 20%.

For both the target and stretch bonuses the DI and EBITDA components are calculated independently.

Notwithstanding the calculation of cash bonus amounts as described above, the CNCG Committee has the authority to recommend to the Board of Directors, an additional cash bonus award commensurate with the level of achievement of other accomplishments and non-financial goals and metrics during the fiscal year.

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, key employees and directors of K-Bro are eligible to participate in K-Bro's long-term incentive ("LTI") plan. The purpose of the LTI 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 financial targets.

Under the LTI, awards are granted annually in respect of the prior fiscal year to the eligible participants based on a percentage of annual salary. The amount of the award (net of withholding obligations) is satisfied by issuing treasury shares to be held in trust by the Trustee pursuant to the terms of the LTI plan text. All awards issued under the provisions of the LTI are recorded as compensation expense.

Subject to the discretion of the Compensation, Nominating and Corporate Governance Committee of the Board of Directors, one-quarter of a employee's grant will vest on the Determination Date (defined as 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 remaining three-quarters of the grant will vest on November 30th following the second anniversary of the Determination Date.

If a change of control occurs, all LTI Shares held by the Trustee in respect of unvested grants will vest immediately. LTI participants are entitled to receive dividends on all Common Shares granted under the LTI whether vested or unvested. In most circumstances, unvested common shares held by the LTI 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 cancelled by the Trustee for no consideration. If a participant is terminated without cause, retires (under certain circumstances) 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 LTI.

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

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

The LTI provides that a maximum of 700,000 Common Shares will be authorized for issuance under the LTI (such number representing approximately 10% of Common Shares issued and outstanding as at the date hereof). The number of Common Shares issued to insiders of the Corporation and its subsidiaries pursuant to the LTI, 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 LTI 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. As at May 2, 2012, 700,000 Common Shares remain available for issuance under the Plan.

Notwithstanding the foregoing, no amount shall be granted to a Director if such grant would result in such Director 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; and (ii) within a calendar year, receiving a number of Common Shares, 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. Previous grants under the LTI Plan are considered when the CNCG Committee considers new awards.

For Ms. McCurdy, there are two components of LTI provided to her which are defined as follows:

1. Target LTI limited to 60% of base salary, calculated as follows:
   i. 35% of the target LTI is based on the achievement of a specified DI target which is determined annually by the CNCG Committee;
   ii. 35% of the target LTI is based on the achievement of a specified EBITDA target which is determined annually by the CNCG Committee; and,
   iii. 30% of the target LTI is at the discretion of the CNCG Committee.

   Fifty percent of the target LTI for DI and EBITDA is earned when 90% of the specified DI and EBITDA targets are achieved, increasing to 100% of the target LTI when 100% of the specified DI and EBITDA targets (calculated pro rata) are achieved.

2. Stretch LTI is limited to 60% of base salary, calculated as follows:
   i. 50% of the stretch LTI is based on the Corporation exceeding a specified DI stretch target which is determined annually by the CNCG Committee. For each percentage by which the Corporation's DI exceeds the approved stretch target, 2.5% of the stretch LTI is earned. The maximum amount for which the DI stretch bonus is paid is based on DI exceeding target by 20%;
   ii. 50% of the stretch LTI is based on the Corporation exceeding a specified EBITDA stretch target which is determined annually by the CNCG Committee. For each percentage by which the Corporation's EBITDA exceeds the approved stretch target, 2.5% of the stretch LTI is earned. The maximum amount for which the EBITDA stretch bonus is paid is based on EBITDA exceeding target by 20%.

For both the target and stretch LTI amounts the DI and EBITDA components are calculated independently.

Notwithstanding the calculation of cash bonus amounts as described above, the CNCG Committee has the authority to recommend to the Board of Directors, an additional LTI award commensurate with the level of achievement of other accomplishments and non-financial goals and metrics during the fiscal year.

LTI grants awarded for performance in 2011 to the Named Executive Officers are set out in the following table:

Name	Value of LTI Grant ($)	Period Until Maturation & Payout[1]
Linda J. McCurdy	432,000	30 months
Christopher T.J. Burrows	111,384	30 months
Sean P. Curtis	210,000	30 months
Ronald J. Graham	76,250	30 months
Jerry M. Ostrzyzek	60,981	30 months

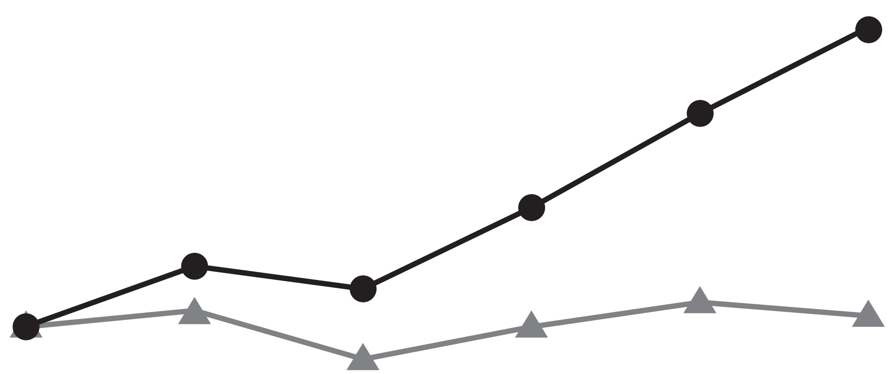
[1] Under the terms of the LTI, 25% of the LTI grant vests on the Determination Date defined as May 15, 2012 and the remaining 75% vest on the second November 30 subsequent to the Determination Date (in this case November 2014).

All Directors and executives of the Corporation are prohibited from entering into transactions that have the effect of hedging the economic value of any direct or indirect interests by the Director or executive in Common Shares.

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]



($)	2006	2007	2008	2009	2010	2011
● K-Bro Linen Inc.	100	146	130	190	260	321
▲ S&P/TSX Composite Index	100	110	74	99	117	107

[1] The graph reflects the total cumulative return, assuming reinvestment of all dividends, of $100 invested on December 31, 2006 in each of the Common Shares 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 2006 to 2011 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 LTI 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 2011 totals $2.76 million and represents 2.4% of revenue for 2011.

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, 2011 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 an MBA from the University of Western Ontario.

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

Mr. Burrows joined K-Bro in June 2010. Prior to joining K-Bro, he was the VP Finance & Administration of The Churchill Corporation (TSX: CUQ), a commercial construction company. 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.

Sean P. Curtis
Senior Vice-President and General Manager

Mr. Curtis joined K-Bro in 1984 and has over 28 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. Mr. Curtis is also responsible for the overall operations of K-Bro including all plant General Managers.

Ronald J. Graham
General Manager

Mr. Graham originally joined K-Bro in 1984 and has over 28 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.

Jerry Ostrzyzek
General Manager

Mr. Ostrzyzek joined K-Bro in 1987 and has over 25 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 TABLES

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 2011 whose total compensation exceeded $150,000 for the year (the "NEOs"):

Name and Principal Position	Year	Base Salary	Annual Incentive Bonus[(1)]	Share-based Awards[(2)]	All other Compensation[(3)]	Total Compensation[(4)]
Linda J. McCurdy	2011	360,000	432,000	432,000	25,284	1,249,284
President & Chief	2010	316,000	316,000	709,056	23,524	1,364,580
Executive Officer	2009	316,000	316,000	592,541	23,524	1,248,065
Christopher T.J. Burrows[(5)]	2011	204,000	38,964	111,384	8,160	362,508
Vice-President & Chief	2010	119,033	19,833	72,261	4,761	215,888
Financial Officer	2009	-	-	-	-	-
Sean P. Curtis	2011	210,000	126,000	210,000	15,600	561,600
Sr. Vice-President	2010	180,500	100,000	379,368	14,420	674,288
& General Manager	2009	180,500	100,000	334,611	14,420	629,531
Ronald J. Graham	2011	152,500	75,000	76,250	12,375	316,125
General Manager	2010	149,500	54,850	102,068	12,285	318,703
	2009	149,500	54,850	87,138	12,285	303,773
Jerry M. Ostrzyzek	2011	146,500	40,654	60,981	17,896	266,031
General Manager	2010	143,500	32,288	102,068	17,776	295,632
	2009	143,500	-	41,826	17,776	203,102

(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 acquired by the LTI 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, 2011, 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 and was appointed as the Chief Financial Officer on June 7, 2010.

Long-Term Incentive Plan Awards - Outstanding at End of Year

The following table summarizes all cash and share-based awards outstanding at the end of December 31, 2011 for each NEO.

	Share-based Awards			Cash Awards	
Name	Number of Shares	Vesting Date	Market Value of Unvested Share-Based Awards[1]	Vesting Date	Value of Unvested Cash Awards
Linda J. McCurdy	27,866	April 30, 2012	619,740	April 30, 2012	356,231
Christopher T. J. Burrows	2,529	April 30, 2013	56,245	-	-
Sean P. Curtis	15,737	April 30, 2012	349,991	April 30, 2012	190,595
Ronald J. Graham	4,098	April 30, 2012	91,140	April 30, 2012	51,279
Jerry M. Ostrzyzek	1,967	April 30, 2012	43,746	April 30, 2012	51,279

[1] Based on the closing price of the Common Shares on December 31, 2011 of $22.24 per share.

Long-Term Incentive Plan Awards - Value Vested During the Year

The following table sets forth details of all LTI awards which vested during the most recently completed year.

	Share-based Awards			Cash Awards	
Name	Number of Shares	Grant Date	Market Value of Unvested Share-Based Awards[1]	Grant Date	Value of Unvested Cash Awards
Linda J. McCurdy	21,218	April 30, 2009	450,246	April 30, 2011	354,528
Christopher T. J. Burrows	843	April 30, 2011	18,065	-	-
Sean P. Curtis	11,759	April 30, 2009	249,526	April 30, 2011	189,684
Ronald J. Graham	3,196	April 30, 2009	67,819	April 30, 2011	51,034
Jerry M. Ostrzyzek	3,196	April 30, 2009	67,819	April 30, 2011	51,034

[1] Market values of the LTI grants issued in 2009 are based on the closing price of $21.22 per Common Share on April 30, 2010, the date when the grant vested. The market values of the LTI grants issued on April 30, 2011 are based on the average acquisition cost per Common Share of $21.43 in the open market by the LTI 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 up 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 LTI 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, 2011.

Name	Base Salary[1]	Accelerated Value of of Unvested LTI[2]	Total
Linda J. McCurdy	360,000	975,970	1,335,970
Christopher T. J. Burrows	204,000	56,245	260,245
Sean P. Curtis	210,000	540,586	750,586
Ronald J. Graham	152,500	142,419	294,919
Jerry M. Ostrzyzek	146,500	95,025	241,525

[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, 2011 of $22.24 per share.

COMPENSATION OF DIRECTORS

Retainers and Fees

The Board approved the following compensation components for our directors, other than Ms. McCurdy, who is not entitled to director compensation. Each director is also entitled to reimbursement for all out-of-pocket expenses to attend Board and committee meetings. Directors are not compensated for return travel to attend Board meetings. Annual Board and Committee retainers are paid quarterly in arrears and pro-rated for partial service. The total cash earned in retainers and fees for these services by outside Directors in 2011 was $204,400. In addition to cash retainers and fees, each Director was paid $7,500 worth of Common Shares.

Board retainers and fees are shown in the table below.

($)	2010	2011
Board Chair Retainer	33,500	46,000
Board Member Retainer[(1)]	27,500	35,000
Audit Committee Chair Retainer	3,500	10,000
Other Committee Chair Retainer	3,000	5,000
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 LTI Plan, directors may participate and consequently a component of the board member compensation may be paid in Common Shares issued pursuant to the terms and conditions of the LTI, 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, 2011 in respect of their services.

($)	Board Retainer	Committee Chair Retainer	Board and Committee Meeting Fees	Total Cash Retainers and Fees Earned	Board Retainer (Equity)	Total Fees	Other[(1)]	Total
Ross S. Smith	38,500	10,000	19,950	68,450	7,500	75,950	-	75,950
Matthew B. Hills	27,500	-	11,200	38,700	7,500	46,200	138,000	184,200
Steven E. Matyas	27,500	5,000	19,950	52,450	7,500	59,950	-	59,950
Michael B. Percy	27,500	-	17,300	44,800	7,500	52,300	-	52,300
Total	121,000	15,000	68,400	204,400	30,000	234,400	138,000	372,400

[(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, 2011, 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 AUDIT COMMITTEE

The primary mandate of the Audit Committee is to:

- supports the Board in fulfilling its over-sight responsibilities regarding the integrity of the Corporation's accounting and financial reporting, internal controls and disclosure controls,
- ensure the legal and regulatory compliance, including reporting and timeliness of filings with regulatory authorities,
- ensure the independence and performance of the Corporation's external auditors,
- oversee the Corporation's risks, creditworthiness, treasury plans and financial policy, and the whistleblower and complaint procedures.

For more information on the Audit Committee, including the text of its charter document, refer to the Audit Committee section in our Annual Information Form for the year ended December 31, 2011.

The Board has determined that each member of the Committee is independent and financially literate, and that Ross Smith is an audit committee financial expert and has accounting or related financial management expertise as defined by applicable securities laws. Information regarding the education and experience of the Committee members is contained in our Annual Information Form for the year ended December 31, 2011.

Audit Committee Work Plan

The Committee meets at least once each quarter and reports on its activities to the Board. Activities reviewed are based on its mandate and annual work plan. At each regularly scheduled quarterly meeting, the Committee has the opportunity to meet separately, in camera with each of the executive team and the external auditors.

The following sets forth highlights of the actions taken by the Committee in 2011.

Financial reporting

- received presentations from the Corporation's CFO and made inquiries related to the quarterly and annual financial performance and operating results of K-Bro, including its reporting segments, relative to results in prior periods and to investor expectations
- reviewed, throughout the year, any changes or adoption of significant accounting policies and significant estimates impacting the current and future financial statements of the Corporation
- reviewed and discussed with the CEO and the CFO their readiness to certify the annual and interim financial statements and related disclosure materials, as required under Canadian securities legislation
- reviewed and recommended to the Board for approval the public release and filing of the annual audited consolidated financial statements and quarterly unaudited consolidated financial statements of the Corporation, including related news releases and Management's discussion and analysis
- reviewed and recommended to the Board for approval key securities filings that contain financial information, including the Annual Information Form

External auditors

- oversaw the work of the external auditors
- reviewed and approved the annual audit plan
- monitored the progress of the external audit
- received reports on the external auditors' internal quality control procedures, independence and confidentiality procedures
- met quarterly with the external auditors without management present
- recommended to shareholders the appointment of external auditors
- reviewed and set the compensation of the external auditors
- reviewed and pre-approved all audit, audit-related and non-audit services provided by the external auditors or their affiliates.

Accounting and financial management

- reviewed and approved the Corporation's major accounting policies, including alternatives and potential key management estimates and judgments and the Corporation's financial policies and compliance with such policies
- received and reviewed status reports and educational updates on management's plan for transitioning to International Financial Reporting Standards (IFRS)
- reviewed with management the Corporation's financial policies and compliance with these policies
- reviewed reports regarding status of capital markets and implications for K-Bro and financing plans such as renewal and amendments to credit facilities
- received reports regarding taxation matters including any tax adjustments, status of existing and projected tax provisions
- reviewed corporate reorganization on conversion from income trust to corporation
- reviewed and discussed with management at each regularly scheduled quarterly meeting the results of significant capital expenditures and recommended to the Board any capital project spending approvals in excess of previous budgetary authorizations

Audit Committee related governance

- reviewed and approved the Committee's annual work plan
- received and reviewed with management updates throughout the year regarding changing governance-related laws, rules and emerging best practices and implications of the proposals of Canadian regulators with respect to the Committee
- reviewed expenses of the Corporation's CEO

On behalf of the Audit Committee

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

REPORT OF THE COMPENSATION, NOMINATING AND CORPORATE GOVERNANCE ("CNCG") COMMITTEE

The primary mandate of the CNCG Committee is to:

- Develop the Corporation's compensation philosophy and guidelines on executive compensation;
- Oversee the succession planning for the executive team;
- Determine the goals and objectives for the CEO related to compensation;
- Evaluate the CEO performance and recommend compensation based upon the evaluation; and,
- Determine the compensation for the Senior Vice-President and Chief Financial Officer upon recommendation from the CEO.

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

The Board of Directors is of view that the CNCG Committee collectively has the knowledge, experience and background to fulfill its mandate, and that each of the members of the CNCG Committee has direct experience relevant to his responsibilities regarding executive compensation.

In particular, Mr. Matyas is the President and CEO of Staples Canada Inc., a company owned by an SEC registrant, Mr. Smith has extensive experience with numerous public companies, and Mr. Percy is a seasoned economist and business leader. These collective skills and extensive experience enable the CNCG Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

CNCG Committee Work Plan

The CNCG Committee held three meetings in 2011 and held "in-camera" sessions without the presence of management of the Corporation at the end of each meeting.

The CNCG Committee retained the services of Mercer, Goodmans and PricewaterhouseCoopers, advisory firms, to assist in the valuation of LTI awards and provide recommendations to the Board as well as the development of the long-term incentive plan. Total professional fees billed by these firms for this scope of work was $76,759 in fiscal 2011.

Assessment of Risk Associated with the Corporation's Compensation Policies and Practices

The CNCG Committee has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and strategy and to evaluate the potential risks associated with those plans and programs. The CNCG Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The CNCG Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

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 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 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. Our policy is to hold an in camera session at each regularly scheduled meeting of the Board and each committee. From time to time, the Board or a committee may convene additional meetings to consider specific matters that arise before the next scheduled meeting, and in-camera sessions generally are not held during those additional meetings.

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 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, 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 Annual Information Form under the heading "Audit Committee Information" available on SEDAR at www.sedar.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 Committees and the contributions of individual Directors on a regular basis. The CNCG 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 the Corporation's 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, 2011 and 2010, and the Corporation's annual management's discussion and analysis of financial condition and results of operations for fiscal 2011.

Copies of the Annual Information Form, the Corporation's Annual Report (including management's discussion and analysis), consolidated financial statements and this 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 Edmonton, Alberta this 2nd day of May, 2012.

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; protection and proper use of corporate assets and opportunities;

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, 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.

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.

NOTES

K-Bro Linen Inc.