G&K SERVICES INC
Form DEF 14A
October 01, 2008

UNITED STATED SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A INFORMATION
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registranto
Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Section 240.14a-12

G&K SERVICES, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

(4) Date Filed:

G&K SERVICES, INC.
5995 Opus Parkway
Minnetonka, Minnesota 55343

Notice of Annual Meeting of Shareholders, Thursday, November 13, 2008

To the Shareholders of G&K Services, Inc.:

Please take notice that the Annual Meeting of Shareholders of G&K Services, Inc. will be held, pursuant to due call by our Board of Directors, at the Marquette Hotel, 710 Marquette Avenue, Universe Meeting Room, 50th Floor, IDS Building, Minneapolis, Minnesota, on Thursday, November 13, 2008, at 10:00 a.m. Central Standard Time, or at any adjournment or adjournments or postponements thereof, for the purpose of considering and taking appropriate action with respect to the following:

1. To elect the three Class I directors named in the attached proxy statement to serve for terms of three years;

2. To ratify the appointment of Ernst & Young LLP, Independent Registered Public Accounting Firm, as our independent auditors for fiscal 2009; and

3. To transact any other business as may properly come before the meeting or any adjournments or postponements thereof.

Pursuant to action of the Board of Directors, shareholders of record on September 19, 2008 will be entitled to vote at the meeting or any adjournments or postponements thereof.

A proxy for the meeting is enclosed. You are requested to complete and sign the proxy, which is solicited by the Board of Directors, and mail it promptly in the enclosed envelope.

By Order of the Board of Directors
G&K Services, Inc.

Jeffrey L. Cotter
Vice President, General Counsel and Corporate Secretary

October 1, 2008

Proxy Statement of G&K Services, Inc.

Annual Meeting of Shareholders to be Held Thursday, November 13, 2008

Voting by Proxy and Revocation of Proxies

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of G&K Services, Inc. to be used at the annual meeting of our shareholders to be held on Thursday, November 13, 2008, at 10:00 a.m. Central Standard Time, at the Marquette Hotel, 710 Marquette Avenue, Universe Meeting Room, 50th Floor, IDS Building, Minneapolis, Minnesota, or at any adjournment or adjournments or postponements thereof, for the purpose of considering and taking appropriate action with respect to the following:

1. To elect the three Class I directors named in this proxy statement to serve for terms of three years;

2. To ratify the appointment of Ernst & Young LLP, Independent Registered Public Accounting Firm, as our independent auditors for fiscal 2009; and

3. To transact any other business as may properly come before the meeting or any adjournments or postponements thereof.

The approximate date on which this proxy statement and the accompanying proxy were first sent or given to shareholders was October 10, 2008.

Each shareholder who signs and returns a proxy in the form enclosed with this proxy statement may revoke the same at any time prior to its use and prior to the annual meeting by giving notice of such revocation to the company in writing, in open meeting or by executing and delivering a new proxy to our Corporate Secretary. Unless so revoked, the shares represented by each proxy will be voted at the annual meeting and at any adjournments or postponements thereof. Mere presence at the annual meeting by a shareholder who has signed a proxy does not, alone, revoke that proxy; revocation must be announced by the shareholder at the time of the meeting. All shares which are entitled to vote and are represented at the annual meeting by properly executed proxies received prior to or at the annual meeting, and not revoked, will be voted at the annual meeting and any adjournments or postponements thereof.

Voting Procedures

The company has one class of voting securities outstanding: Class A Common Stock, $0.50 par value per share, of which 18,965,808 shares were outstanding as of the close of business on September 19, 2008, the record date for the annual meeting. Each share of Class A Common Stock is entitled to one vote on each matter put to a vote of shareholders. Our Class A Common Stock is referred to in this proxy statement as common stock. Only shareholders of record at the close of business on the record date for the annual meeting will be entitled to vote at the annual meeting or any adjournments or postponements thereof. A quorum, consisting of the holders of a majority of the stock issued and outstanding and entitled to vote at the annual meeting, and the presence of such shareholders, is requisite for the transaction of business at the annual meeting. Such quorum must be present, either in person or represented by proxy, for the transaction of business at the annual meeting, except as otherwise required by law, our Amended and Restated Articles of Incorporation or our Amended and Restated Bylaws.

All shares entitled to vote and represented by properly executed proxies received prior to the annual meeting, and not revoked, will be voted as instructed on those proxies. If no instructions are indicated, the shares will be voted as recommended by the Board of Directors. If any director nominee should withdraw or otherwise become unavailable for reasons not presently known, the proxies which would have otherwise been voted for that director nominee may be voted for a substitute director nominee selected by our Board of Directors.

A plurality of votes cast is required for the election of each director in Proposal No. 1. Each other proposal requires the affirmative vote of the holders of the greater of (i) a majority of the voting power of shares present and entitled to vote on that item of business, or (ii) a majority of the voting power of the minimum number of shares entitled to vote that would constitute a quorum for the transaction of business at the annual meeting.

A shareholder who abstains with respect to any proposal is considered to be present and entitled to vote on that proposal, and is effectively casting a negative vote. A shareholder (including a broker) who does not give authority to a proxy to vote, or withholds authority to vote, on any proposal shall not be considered present and entitled to vote on that proposal.

The Board of Directors unanimously recommends that you vote FOR the election of each director nominee named in this proxy statement and FOR the ratification of Ernst & Young LLP s appointment as our independent accountant for fiscal 2009.

PROPOSAL NUMBER 1:

Election of Class I Directors

Pursuant to our articles of incorporation, our management and business affairs are vested in a Board of Directors comprised of not less than three and not more than 12 directors, and our bylaws state that the number of directors is established by resolution of the Board of Directors. Presently, our Board of Directors consists of nine directors. Pursuant to our articles of incorporation, the directors are divided into three classes, designated as Class I, Class II and Class III, respectively, and are elected to serve for staggered three-year terms of office that expire in successive years. The current terms of office for the directors in Class I, Class II and Class III expire, respectively, at the 2008, 2009 and 2010 annual shareholders meetings.

Ms. Crump-Caine and Messrs. Doyle and Pippin, each of whom currently serves as a Class I director, have been nominated by the Board of Directors to serve as our Class I directors for a three-year term commencing immediately following the annual meeting and expiring at our 2011 annual shareholders meeting, or until his or her successor is elected and qualified. If elected, each nominee has consented to serve as a Class I director.

Set forth below is information regarding the three individuals nominated for election to our Board of Directors as Class I directors, which includes information furnished by them as to their principal occupations for the last five years, certain other directorships held by them, and their ages as of the date of this proxy statement.

Name (and Age) of Director/Nominee	Principal Occupation, Past Five Years Business Experience and Directorships in Public Companies	Director Since
Class I Nominees:		
Lynn Crump-Caine (52)	Ms. Crump-Caine was appointed to the Company s Board of Directors on May 20, 2008 to complete Mr. Michael G. Allen s term. Mr. Allen, a former director, retired from the Board when he reached our mandatory retirement age. Ms. Crump-Caine serves as a member of our audit committee. Ms. Crump-Caine founded Outsidein Consulting and she currently serves as its Chief Executive Officer. Between 1974 and her retirement in 2004, Ms. Crump-Caine served in various executive capacities with the McDonald s Corporation, including as its Executive Vice President, Worldwide Operations and Restaurant Systems, from 2002 to 2004, its Executive Vice President, U.S. Restaurant Systems, from 2000 to 2002, and its Senior Vice President, U.S. Operations, from 1998 to 2000. Ms. Crump-Caine serves on the board of Krispy Kreme Doughnuts, Inc., where she serves on the board s compensation and governance committees.	2008
J. Patrick Doyle (45)	Mr. Doyle is a director of the company and serves as a member of the Compensation Committee of our Board of Directors. Mr. Doyle currently serves as President, Domino s Pizza U.S.A. Mr. Doyle previously served as Executive Vice President of Team U.S.A. for Domino s Pizza, Inc., a position he held since October 2004. Mr. Doyle served as Domino s Executive Vice President of International from May 1999 to October 2004, as Domino s interim Executive Vice President, Build the Brand, from December 2000 to July 2001 and as Domino s	2005

	Senior Vice President of Marketing from the time he joined Domino s in 1997 until May 1999. Prior to joining Domino s, Mr. Doyle served as Vice President and General Manager for the U.S. baby food business of Gerber Products Company.	
M. Lenny Pippin (61)	Mr. Pippin is the Presiding Director of the company, and serves as the chair of the Corporate Governance Committee of our Board of Directors. Mr. Pippin served as President and Chief Executive Officer of The Schwan Food Company, a branded frozen-food company, from November 1999 until February 2008. Mr. Pippin is currently a business consultant. Prior to joining Schwan s, Mr. Pippin served as President and Chief Executive Officer of Lykes Brothers, Inc., a privately held corporation with operating divisions in the food, agriculture, transportation, energy and insurance industries.	2001

Directors and Executive Officers of the Company

Set forth below is information regarding our executive officers and the balance of our directors, which includes information furnished by them as to their principal occupations for the last five years, certain other directorships held by them, and their ages as of the date of this proxy statement.

Name	Age	Title	Since	Director Term Expires
Richard L. Marcantonio	58	Chairman of the Board and Chief Executive Officer and Director (Class II)	2002	2009
Jeffrey L. Wright	46	Senior Vice President and Chief Financial Officer	1999	
Robert G. Wood	60	President, G&K Services Canada, Inc.	1998	
David M. Miller	52	President, U.S. Rental Operations (departed October 22, 2008)	2005	
Douglas A. Milroy	49	President, Direct Purchase and Business Development	2006	
Thomas J. Dietz	44	Vice President and Controller	2006	
Jeffrey L. Cotter	41	Vice President, General Counsel and Corporate Secretary	2008	
Paul Baszucki	68	Director (Class II)	1994	2009
John S. Bronson	60	Director (Class III)	2004	2010
Lynn Crump-Caine	52	Director (Class I)	2008	2008
J. Patrick Doyle	45	Director (Class I)	2005	2008
Wayne M. Fortun	59	Director (Class III)	1994	2010
Ernest J. Mrozek	55	Director (Class III)	2005	2010
M. Lenny Pippin	61	Presiding Director (Class I)	2001	2008
Alice M. Richter	55	Director (Class II)	2003	2009

Richard L. Marcantonio Mr. Marcantonio has served as our Chairman of the Board and Chief Executive Officer (Chairman and CEO) since November 10, 2005. Prior thereto, Mr. Marcantonio was our President and Chief Executive Officer since January 1, 2004, and our President and Chief Operating Officer since July 15, 2002. Mr. Marcantonio has served as a director of the company since November 6, 2003. Prior to joining the company, Mr. Marcantonio served as President of the Industrial and Service Sectors at Ecolab, Inc., a leading global developer and marketer of cleaning and maintenance products, from March 2002 until July 15, 2002. Mr. Marcantonio served as Senior and/or Executive Vice President of Ecolab s industrial group from March 1997 until December 2000, and served as Executive Vice President of Ecolab s Industrial and Service Sectors from January 2001 until March 2002. Prior to his employment at Ecolab, Mr. Marcantonio served in senior management, sales and marketing positions at Keebler Company, a subsidiary of United Biscuits (Holdings) plc. Mr. Marcantonio also served as President and Chief Executive Officer of Specialty Brands, another subsidiary of United Biscuits (Holdings) plc. Mr. Marcantonio serves as a director and member of the Audit Committee of the H.B. Fuller Company, a worldwide manufacturer of adhesives, sealants, coatings, paints and other specialty chemicals.

Jeffrey L. Wright Mr. Wright has served as our Senior Vice President since January 2004 and as our Chief Financial Officer since 1999. Mr. Wright was our Secretary from February 1999 until May 2004, and served as our Treasurer from February 1999 until November 2001. Mr. Wright was employed with BMC Industries, Inc. from 1996 until the time he joined the company, serving as its Controller from 1996 to 1998 and its Treasurer from 1998 to 1999. From 1993 to 1996, Mr. Wright was Treasurer for Employee Benefit Plans, Inc. From 1984 to 1993, Mr. Wright was employed with Arthur Andersen & Co.

Robert G. Wood Mr. Wood has served as President of G&K Services Canada, Inc. and affiliated entities since 1998, and as one of our Regional Vice Presidents between 1997 and 1998. Mr. Wood joined the company in 1995 as a General Manager and served as an Executive Vice President of the company from May 2000 until July 2002. Prior to joining the company, Mr. Wood was Vice President of Marketing and Director of Sales with Livingston International, Inc., where he spent 23 years in a variety of operating, sales, service and marketing positions.

David M. Miller Mr. Miller has served as our President of U.S. Rental Operations since December 2005. Prior to joining the company, between July 2002 and December 2005, Mr. Miller held various positions with Strategic Equipment and Supply Corp., a provider of foodservice equipment and supplies, including its Corporate Executive Vice President Operations, its President Northern Region and, most recently, its Chief Operating Officer. Prior to joining Strategic Equipment and Supply, between March 1993 and June 2002, Mr. Miller held various positions with LSG/Sky Chefs, including its Vice President Marketing and its Managing Director. As announced, Mr. Miller left the company on October 22, 2008.

Douglas A. Milroy Mr. Milroy has served as our President, Direct Purchase and Business Development since November 2006. Mr. Milroy joined us with more than 20 years of global leadership experience in business to business organizations. Most recently, since 2004, Mr. Milroy was managing director of The Milroy Group, a firm focused on the acquisition and management of industrial companies in partnership with other investors. Prior to that, between 2000 and 2004, Mr. Milroy was the Vice President and General Manager Food and Beverage North America and Water Care for Ecolab, Inc. Mr. Milroy has also held senior positions with FMC Corporation and McKinsey & Company. Mr. Milroy holds a Bachelor of Mechanical Engineering degree from the University of Minnesota (1982) and an M.B.A. from the Harvard Business School (1986).

Thomas J. Dietz Mr. Dietz has served as the company s Vice President and Controller since July 2006. Mr. Dietz, who also served as the company s Director of Financial Planning and Analysis between December 2004 and July 2006, has over 20 years of financial reporting and related experience. Prior to joining the company, between 1995 and 2004, Mr. Dietz was employed in various capacities with The St. Paul Companies, which is now known as The Travelers Companies, Inc., including most recently as its Assistant Vice President of Financial Planning and Analysis.

Jeffrey L. Cotter Mr. Cotter has served as the company s Vice President, General Counsel and Corporate Secretary since June 2008. Mr. Cotter joined the company as Senior Corporate Counsel in February 2006, and was promoted to our Director of Legal Services and Corporate Secretary in September 2007. Prior to joining the company, Mr. Cotter was a shareholder in the law firm of Leonard, Street and Deinard Professional Association, where he specialized in securities law, as well as in mergers, acquisitions and related transactions. Prior to being a shareholder in Leonard, Street and Deinard Professional Association, Mr. Cotter was an associate at the firm (1997-1999; 2001-2003), as well as Assistant General Counsel of Stockwalk.com, Inc. (1999-2001) and an associate in the law firm of Briggs & Morgan, P.A.

Paul Baszucki Mr. Baszucki is a director of the company, and serves as a member of the Corporate Governance Committee of our Board of Directors. Mr. Baszucki served as a director and Chair of the Board of Directors of Norstan, Inc., from May 1997 until December 2004, and as its Chief Executive Officer from 1986 until May 1997, and again from December 1999 to October 2000. Mr. Baszucki also serves as a director and member of the Audit Committee of WSI Industries, Inc., a precision contract machining company primarily servicing the energy aerospace/avionics industry and recreational vehicles markets. Mr. Baszucki has been a director of WSI Industries since 1988.

John S. Bronson Mr. Bronson is a director of the company and serves as a member of the Compensation and Corporate Governance Committees of our Board of Directors. Mr. Bronson was Senior Vice President, Human Resources from 1999 to 2003 for Williams-Sonoma, Inc., a specialty retailer of home furnishings. Prior to his employment with Williams-Sonoma, Inc., Mr. Bronson held several senior human resource-related management positions with PEPSICO, from 1979 to 1999, most recently as its Executive Vice President, Human Resources Worldwide for Pepsi-Cola Worldwide.

Lynn Crump-Caine See information under Election of Class I Directors above.

J. Patrick Doyle See information under Election of Class I Directors above.

Wayne M. Fortun Mr. Fortun is a director of the company, and serves as

Chair of the Compensation Committee of our Board of Directors. Mr. Fortun was elected director, President and Chief Operating Officer of Hutchinson Technology, Inc., a world leader in precision manufacturing of suspension assemblies for disk drives, in 1983 and was appointed its Chief Executive Officer in May 1996. Mr. Fortun also serves as a director of C.H. Robinson Worldwide, Inc., a global provider of multimodal transportation services and logistics solutions.

Ernest J. Mrozek Mr. Mrozek is a director of the company and serves as a member of the Audit Committee of our Board of Directors. Mr. Mrozek is also one of our Audit Committee Financial Experts. Mr. Mrozek served as Vice Chairman and Chief Financial Officer of The ServiceMaster Company from November 2006 to March 2008, when he retired from The ServiceMaster Company after the completion of its sale and relocation of its corporate headquarters. Mr. Mrozek also served as President and Chief Financial Officer of The ServiceMaster Company from January 2004 to November 2006 and as its President and Chief Operating Officer from 2002 to January 2004. The ServiceMaster Company is a residential and commercial service company. Mr. Mrozek joined ServiceMaster in 1987 and has held various senior positions in general management, operations and finance. Prior to joining ServiceMaster, Mr. Mrozek spent 11 years with Arthur Andersen & Co.

M. Lenny Pippin See information under Election of Class I Directors above.

Alice M. Richter Ms. Richter is a director of the company, and serves as Chair of the Audit Committee of our Board of Directors. Ms. Richter is also one of our Audit Committee Financial Experts. Ms Richter has been retired since June 2001. Prior to her retirement, Ms. Richter was a certified public accountant with KPMG LLP for 26 years. Ms. Richter joined KPMG s Minneapolis office in 1975 and was admitted to the KPMG partnership in 1987. During her tenure at KPMG, she served as the National Industry Director of KPMG s U.S. Food and Beverage practice and has also served as a member of the Board of Trustees of the KPMG Foundation from 1991 to 2001. Ms. Richter is also the Chair of the Audit Committee of West Marine, Inc. and Fingerhut Direct Marketing, Inc. and serves on the Audit Committee of Thrivent Financial for Lutherans.

Executive Compensation

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of our executive officers (identified as Named Executive Officers or NEOs) total compensation program. The discussion focuses on the program and decisions for the 2008 fiscal year. We address why we believe the program is right for our company and our shareholders, and we explain how compensation is determined.

Overview

What person or group is responsible for determining the compensation levels of executive officers?

The Compensation Committee of our Board of Directors, which consists entirely of independent directors and whose membership is determined by the Board of Directors, is responsible for:

- approving the design and implementation of our executive compensation program;
- regularly reporting on committee actions and recommendations at board meetings;
- working with the Audit and Governance Committees of our Board of Directors, as appropriate; and

reviewing NEO compensation and reporting to the Board of Directors, which is responsible for approving all NEO compensation.

The Compensation Committee of our Board of Directors retained the Hay Group as the independent compensation consultant to provide market information, analysis and guidance in the development and assessment of our executive compensation program. Although the Hay Group primarily supports the Compensation Committee, on occasion, the Hay Group has provided market data and general compensation consultation to G&K. The Compensation Committee also works with our human resources and compensation and benefits professionals on the design and implementation of executive compensation programs and employee benefit plans that are of material significance.

The Compensation Committee annually reviews NEO compensation. The Compensation Committee considers information provided by its independent compensation consultant, and reviews and recommends compensation actions for NEOs for approval by our full Board of Directors.

Role of Compensation Consultant

In April 2005, the Compensation Committee engaged the Hay Group, Inc. to provide independent compensation consultation and advice to the Compensation Committee to ensure that executive compensation decisions are aligned with the long-term interests of shareholders and with corporate goals and strategies. Specifically, the Hay Group is tasked with fulfilling the following responsibilities:

advise the Compensation Committee Chair on management proposals as requested;

undertake special projects at the request of the Compensation Committee Chair;

review Compensation Committee agendas and supporting materials in advance of each meeting;

attend Compensation Committee meetings;

make recommendations on companies to include in peer group, analyze the selected peer group information and review other survey data for competitive comparisons;

review the executive compensation programs and competitive positioning for reasonableness and appropriateness;

review the company s total executive compensation program and advise the Compenspation Committee of plans or practices that might be changed to improve effectiveness;

oversee survey data on executive pay practices and amounts that come before the Compensation Committee;

provide market data and recommendations on Chairman and CEO compensation without prior review by management except for necessary fact checking;

review draft Compensation Discussion & Analysis and related tables for our proxy statement;

review any significant executive employment or change-in-control provisions in advance of being presented to the Compensation Committee for approval;

periodically review the Compensation Committee s charter and recommend changes; and

proactively advise the Compensation Committee on best-practice ideas for Board governance of executive compensation as well as areas of concern and risk in the company s program.

In fiscal 2008, as part of his ongoing services to the Compensation Committee as described above, the compensation consultant attended all regularly scheduled meetings of the Compensation Committee (either in person or telephonically) and worked on the following projects:

reviewed current peer group and made recommendation on peer group additions;

advised the Compensation Committee with respect to the design and amounts of a special one-time equity grant for executive officers;

actively participated in review and design of G&K s long-term incentive/equity program and establishing a framework for developing annual grant guidelines;

conducted market analysis of the Chairman and CEO compensation and made recommendations on changes to Chairman and CEO s total compensation package.

Certain of our executive officers also have roles in the compensation process, as follows:

Our Chairman and CEO recommends compensation actions for members of the executive committee (other than himself) and his direct reports and submits those recommendations to the Compensation Committee for review and approval.

In addition, our Chairman and CEO provides his perspective on recommendations provided by the consulting firm hired by the Compensation Committee regarding compensation program design issues.

Our Senior Vice President Human Resources plays an active role by providing input on plan design, structure and cost, and assessing the implications of all recommendations on recruitment, retention and motivation of company employees, as well as company financial results.

When requested by the Compensation Committee, other executive officers, such as the Senior Vice President and Chief Financial Officer (Sr. VP CFO), Vice President Controller, and G&K s legal counsel, may also review recommendations on plan design, structure and cost, and provide a perspective to the Compensation Committee on how these recommendations may affect recruitment, retention and motivation of company employees, as well as company financial results.

Discussion and Analysis

The following discussion and analysis is focused on our NEO compensation program. Our NEOs are our Chairman and CEO, our Sr. VP CFO, and the three most highly compensated executive officers, other than our Chairman and CEO and our Sr. VP CFO, who were serving as our executive officers at the end of fiscal 2008. The discussion focuses on the program and decisions for fiscal 2008 and specifically answers the following questions:

1. What are the objectives of the company s compensation program?
2. What is the compensation program designed to reward?
3. What is each element of compensation?
4. Why does the company choose to pay each element?
5. How does the company determine the amount/formula for each element?
6. How does each element and the company s decision regarding that element fit into the company s overall compensation objectives and affect decisions regarding other elements?

What are the objectives of the company s compensation program?

The objectives of our compensation programs are to provide compensation and benefits plans that enable the company to attract, retain and motivate highly qualified, experienced executives and reward them for performance that creates long-term shareholder value. G&K seeks to increase shareholder value by rewarding performance with cost-effective compensation that ensures appropriate linkage between pay, company performance, and results for shareholders. G&K strives to reward employees fairly and competitively through a mix of base salary, short and long term incentives, benefits, career growth and development opportunities.

What is the compensation program designed to reward?

The compensation program strives to effectively utilize elements of compensation under a total reward philosophy that combines annual and multi-year reward opportunities, which are designed to:

provide competitive levels of compensation that link compensation to the achievement of the company s annual objectives and long-term goals;

reward the achievement of company performance objectives; and

recognize individual initiative and reward strong individual and team performances.

Shareholder value and corporate performance are realized through the company s ongoing business strategy to:

- achieve year-over-year growth in revenue and earnings;
- increase value of existing assets;
- maintain financial strength and flexibility;
- selectively participate in continued industry consolidation; and
- reward strong individual performance that is aligned with company goals and objectives.

What is each element of compensation?

There are five components of G&K s executive compensation program:

- base salary;
- annual management incentive compensation (referred to as Management Incentive Plan or MIP);
- long-term equity-based compensation;
- benefits and perquisites; and
- severance and change-in-control benefits.

Base Salary

Base salary is fixed compensation designed to compensate NEOs for their level of experience and continued performance excellence in their individual roles. Providing executives with competitive base salaries allows G&K to attract high-caliber talent and retain their on-going services by providing them with a level of financial certainty. Base salary is set in relation to the competitive market for the position and individual performance. We review executive base salary on an annual basis (comparing to the median of the competitive market for each position), and increases are based on individual performance and the market.

For NEOs (excluding the Chairman and CEO), individual performance is assessed against business performance objectives and individual functional objectives at mid-year and at fiscal year-end. The NEO provides a self-evaluation with significant accomplishments and challenges during his performance review with the Chairman and CEO. At the August meeting of the Board of Directors, the Chairman and CEO provides a talent review of the NEOs to discuss his assessment of each NEO s performance, strengths and accomplishments, along with challenges and areas for improvement. The Chairman and CEO makes compensation recommendations (base, equity grant, achievement of functional objectives on the MIP calculation), which are reviewed by the Compensation Committee and then submitted to the Board of Directors for final review and approval. The Chairman and CEO must also conduct a self-assessment of his own performance over the fiscal year, which he reviews with the Chairman of the Compensation Committee and the Chair of the Governance Committee of the Board of Directors. The Board of Directors also completes an evaluation of the Chairman and CEO s performance. The Chair of the Governance Committee holds a telephonic conference call with the Governance Committee to review the specific performance recommendations. The Hay Group then works with the Chairman of the Compensation Committee to make compensation recommendations for review by the Compensation Committee and final review and approval by the Board of Directors. Merit increases for the NEOs ranged from 0.0% to 7% for fiscal 2008, reflecting differences in performance, pay relevant to market and consideration of internal equity.

Annual Management Incentive Plan

The annual Management Incentive Plan (MIP) is a variable pay program tied to achievement of annual business performance goals. The MIP is designed to compensate NEOs for meeting specific company financial goals and individual function/business goals established as part of our annual business plan. MIP target incentive levels are based on competitive market data, job content and responsibilities, and internal equity. Target Incentive levels are expressed as a percentage of base salary, as follows:

Position	Target Incentive (as a % of Base Salary)
Chairman and CEO	80%
Sr. VP CFO	55%
Presidents	50%

Based upon market data and a peer group analysis (using the methodology set forth on page 13), the fiscal 2008 target incentive for the Chairman and CEO was increased from 75% to 80% and the target incentive for the Sr. VP CFO was increased from 50% to 55%. The target incentive levels for the remaining NEOs did not change.

Management Incentive Plan Payouts

MIP payouts are calculated based on actual performance measures set at the beginning of each fiscal year, which are reviewed and approved by the Compensation Committee. The measures align NEOs with clear line-of-sight responsibility to:

Quantitative Financial Measures: revenue and earnings benchmarks have been chosen as the key financial measures for the MIP plan because they best represent our primary short-term growth goals and align with and support the attainment of our long-term strategy

Individual Functional Objectives: key initiatives/functional objectives reward individuals for achieving goals that support and drive financial performance as well as achieve our strategic plan

Plan Measures and Weights and Performance Targets

The plan measures and weights, as well as the performance targets and results, are as follows:

	Weights		Performance Targets for Financial Measures			Results			
n Measures	**Chairman & CEO and Sr. VP CFO**	**Presidents**	**Threshold**	**Target**	**Maximum**	**Achievement**	**Payout Factor**		
npany Financial asures:			(30% Payout)	(100% Payout)	(200% Payout)				
Revenue Growth[1]	40%	25%	$953 M	$1,008 M	$1,047 M	$1,002 M	92%		
EPS Growth[2]	40%	25%	$2.06	$2.16	$2.26	$2.27	200%		
iness Unit ncial Measures							Wood	Miller	Mil
Revenue Growth	N/A	20%	[3]	[3]	[3]	[3]	0%	20%	30%
Operating Income	N/A	20%					0%	38%	0%
vidual Functional ectives	20%	10%	(0% Payout)	(100% Payout)	(150% Payout)	See Individual Functional Objectives Ta below			
				See Individual Functional Objectives Table below					
l	100%	100%							

Notes:

(1) In order to earn a payout for the Company Revenue Growth objective, performance must be achieved at or above the threshold level <u>and</u> the company s EPS performance must exceed the EPS level achieved in the previous fiscal year.

(2) In order to earn a payout for the Company Earnings Per Share Growth objective, performance must be achieved at or above the threshold level.

(3) G&K does not provide annual earnings guidance for business unit financials, and business unit plans are highly confidential. Disclosing specific objectives would provide competitors and other third parties with insights into the planning process and would therefore cause competitive harm. The Compensation Committee (and the Chairman and CEO for his direct reports) sets performance targets such that the relative difficulty of achieving the threshold, target and maximum levels for each financial objective is consistent from year to year. Performance targets are established at levels that are achievable but challenging (stretch goals) and above prior year actual results.

Individual Functional Objectives

Individual functional objectives are also established at levels that are achievable but challenging and above prior year actual results. The functional objective and the actual payout factor achieved for each NEO for fiscal 2008 are as follows:

NEO	Functional Objective	Results/Payout Factor
Richard L. Marcantonio Chairman and CEO	The specific functional objectives for Mr. Marcantonio included the following: guiding Mr. Milroy in the successful transition into his role as President, Direct Purchase and Business Development, and as a member of G&K s executive team; ensuring the development of a medium-term IT strategy that will lead to a more effective long-term IT vision; continuing to improve upward and downward communications within G&K; and continuing to actively promote diversity throughout G&K.	100%
Jeffrey L. Wright Sr. VP CFO	The specific functional objectives for Mr. Wright were related to the implementation of SAP software into Lion Uniform Group and achievement of financial operating goals, which are not publicly disclosed. To disclose the financial operating goals publicly would cause significant competitive harm to the company.	115%
Messrs. Miller and Wood (Miller) President US Rental Operations and (Wood) President - Canada	The specific functional objectives for Messrs. Miller and Wood reflect G&K s confidential strategic business metrics and G&K s confidential operating performance goals. To disclose these goals publicly would cause significant competitive harm to the company.	Mr. Miller = 12.17% Mr. Wood = 0%
Douglas A. Milroy President Dir Purch & Bus Dev	The specific functional objectives for Mr. Milroy reflect G&K s confidential strategic business plans. To disclose these goals publicly would cause significant competitive harm to the company.	100%

Plan measures and weights have been carefully reviewed by the Compensation Committee and approved by the Board of Directors. Performance targets are recommended prior to each fiscal year based on business unit plans, expected progress towards long-term goals, and anticipated market conditions. The annual performance targets for company revenue growth and earnings per share are then presented to and approved by the Compensation Committee of the Board of Directors. MIP payouts are based on actual business results compared to the performance targets, which were approved at the beginning of the fiscal year.

Individual Functional Objectives and financial goals are established by the Chairman and CEO for his direct reports at the beginning of the fiscal year. Measures for these objectives are generally quantitative, so that the level of achievement can be readily assessed at fiscal year-end. A rating of the results is recommended by the Chairman and CEO for his direct reports, and presented to the Compensation Committee for review and to the Board of Directors for final review and approval. The Chairman and CEO s results are evaluated by the Compensation Committee, with their recommended rating on individual functional objectives submitted to the Board of Directors for final review and approval.

MIP Calculation
The MIP is calculated as follows:

1. Target Incentive = Base Salary x Target Incentive% x% of Year in Eligible Position

2. Incentive Score for each performance measure = Payout Factor x Weight (% allocated to the measure)

3. Incentive Amount Calculated for each performance measure = Incentive Score x Target Incentive Opportunity

4. Total MIP Payout = Sum of all Incentive Amounts Calculated for each performance measure

Incentive compensation is determined by the Compensation Committee of our Board of Directors for NEOs based generally on achievement of certain targets against an internal business plan approved annually by the Board of Directors. Over the past five years, we have achieved performance in excess of the target level 3 times and have achieved the maximum performance level in one of those years (fiscal 2005). Over the past five years, the payout percentage has ranged from 31.9% to 228.9% of senior executive participant s target award opportunity, with an average payout percentage equal to approximately 97.1% of the total target award opportunity for this group. MIP incentive plan payouts are capped at 200% of target for financial measures and 150% of target for individual functional objectives.

The Compensation Committee decided to pay a discretionary bonus to Mr. Milroy in the amount of $45,000 for his significant efforts in fiscal 2008 in connection with the resolution of issues involved in the implementation of SAP software into Lion Uniform Group; development of a revised plan for the introduction of Dockers® Apparel in G&K s organization utilizing existing facilities; and for playing a key advisory role on a key new project impacting G&K s service organization. The key new project was in addition to his assigned responsibilities. The $45,000 represents 15% of Mr. Milroy s base salary.

Long-Term Equity Compensation
Long-term equity compensation supports strong organization performance over a long period of time (typically three years or more). Long-term equity compensation aligns NEOs compensation with shareholders interests, rewards NEOs for increasing long-term shareholder value, and promotes executive retention. Long-term equity award targets for each position are established each year based on competitive market data, also taking into account the rate at which equity grants deplete the number of shares available for grant under the company s 2006 Equity Incentive Plan (run rate) and shareholder dilution. Individual equity awards are based on individual performance.

In fiscal 2008, we granted two types of equity awards:

Stock Options (Non-qualified Stock Options) each stock option represents the right to purchase one share of our Class A Common Stock at a price equal to the fair market value of the common stock on the date of grant. Options vest and become exercisable in equal installments over three years and have a term of ten years.

Restricted Stock restricted stock represents the right to own Class A Common Stock after the time restrictions lapse. Restrictions lapse in equal installments over five years.

Vesting Schedules and Term Lengths

Vesting schedules and term lengths for new grants are periodically reviewed by the Compensation Committee of our Board of Directors. The Compensation Committee has determined that the existing vesting schedule and term lengths provide the appropriate balance between employee retention and reward for performance.

Grant Targets and Mix

G&K s equity grant practice is to use a combination of stock options (to reward growth) and restricted stock (to support retention). Each year, G&K establishes target grant values taking into consideration market median grant levels while still managing annual run rate and shareholder dilution within appropriate levels. G&K then evaluates the mix with the objective of delivering as much of the equity grant in stock options as possible to drive growth. For fiscal 2008, the Compensation Committee approved equity compensation grants allocated among the types of awards, as follows:

	% of Target Expected Value	
Officer	Stock Options	Restricted Stock
Chairman and CEO	50%	50%
Remaining NEOs	40%	60%

After establishing the mix, the target grant levels are converted into shares using the following formulas:

Stock Options: (% allocated to Stock Options x Target Grant Level)/Black Scholes Value

Restricted Stock: (% allocated to Restricted Stock x Target Grant Level/(Black Scholes Value x Conversion Factor))

The conversion factor used in the restricted stock formula is determined based on G&K s stock price volatility as follows:

Volatility	Conversion Factor
25%	4:1
33%	3:1

Grant Practice

Our grant practice in prior years was to grant equity annually on or about the first business day of September and after the fiscal year end earnings announcement, which generally occurred around mid-August. The price per share of the company s stock was set based on market close on the day of grant. In fiscal 2008, we changed our grant practice going forward and made grants effective as of the date of the August Board of Director s meeting, which occurred after the year end earnings announcement. On occasion, the Compensation Committee may grant stock options or restricted stock to NEOs at times other than the annual grant date (e.g., upon hire or promotion), with the grant price set based on market close on the day of grant.

Special Stock Option Grant in Fiscal 2008

In November 2007, G&K made a special stock option grant of 60,000 shares to the Chairman and CEO and 25,000 shares to each of the remaining NEOs. The special grant was made to strengthen the alignment with long-term shareholder interests, motivate senior executives to take action that results in increasing shareholder value, encourage retention of senior executives, and reward them for achieving G&K s long term vision and strategy. The grant size was set to equal roughly 100% of Base Salary for the Chairman and CEO and 75% of Base Salary for the remaining NEOs. One hundred percent of the shares of the special stock option grant cliff vest on the third anniversary date of the grant. The special stock option grant has a 10 year term.

Equity Holding Requirements

We believe that requiring executive officers to hold significant amounts of our common stock strengthens the alignment of the executive officers interests with those of our shareholders and promotes achievement of long-term business objectives. Equity holding requirements for our executive officers were implemented in August 2004. Since August 2004, NEOs have been required to hold one-half of all shares granted for three years, net of the number of shares required to cover estimated taxes and exercise cost. The holding requirement applies to restricted stock at the time of vesting and stock options at the time of exercise. Effective for fiscal 2008, we have adopted expanded equity ownership guidelines for our executive officers. Specifically, NEOs have five years to achieve ownership targets, which are five times base salary for our Chairman and CEO and three times base salary for the remaining NEOs.

Benefits

Benefits include health and welfare, retirement, and perquisite programs that are intended to provide financial protection and security to NEOs and their families and to reward their dedication and long-term commitment to the company. Company sponsorship (coupled with competitive employee cost-sharing arrangements) of these plans is critical to our ability to attract and retain the talent we need to support our overall business objectives. NEOs have the opportunity to participate in the same retirement, health and welfare plans as other company salaried employees and have supplemental benefits provided as well:

- Supplemental Executive Retirement Plan (SERP)(frozen as of January 1, 2007)
- Executive Deferred Compensation Plan (DEFCO)
- executive long-term disability insurance
- financial planning services
  - Chairman and CEO $7,500 each year (increased from $5,000 to $7,500 in June 2008)
  - Other NEOs $5,000 each year (increased from $2,500 to $5,000 in June 2008)

executive physical

leased automobiles for NEOs (being phased out)

country club dues (Chairman and CEO and Sr. VP CFO) were eliminated starting in fiscal 2008.

Fringe Benefits
We periodically reassess our level of fringe benefits. In 2007, we redesigned our company-sponsored retirement program for U.S. non-union employees, including the U.S. NEOs, as well as for our union employees enrolled in the program, to maintain competitive retirement benefits while reducing the volatility of future company defined benefit pension costs. The new program, which took effect January 1, 2007, included freezing the qualified pension and SERP benefits and enhancing the 401(k) and the Deferred Compensation Plan. In fiscal 2008, we decided to phase out leased automobiles for NEOs over the next two years as automobiles come off lease. The fringe benefit will be replaced with a weekly taxable car allowance in the following amounts:

NEO	Rate Effective January 2008	Rate Effective June 2008
Richard L. Marcantonio	$442.31 ($23,000 annual)	$465.39 ($24,200 annual)
Robert G. Wood	$390.39 CAD ($20,300 CAD annual)	$413.46 CAD ($21,500 CAD annual)
Remaining NEOs	$351.92 ($18,300 annual)	$375.00 ($19,500 annual)

Severance and Change-in-Control Benefits: Employment Agreements
Severance and change-in-control benefits include salary and certain benefits that are paid in the event of termination of employment under certain circumstances, including following a change in control. Severance and change-in-control benefits help attract executive talent, assist with the career transition of executives, and create an environment that provides for adequate business transition and knowledge transfer during times of change. The level of this severance protection is established to be competitive with market best practices. We have entered into agreements with each of our NEOs that provide benefits to the executive if he or she is

terminated after a change in control of the company. With respect to the Chairman and CEO in particular, benefits are provided if he is terminated at any time, for any reason, within two years following a change in control. With respect to other NEOs, benefits are provided if an NEO is terminated within one year following a change in control if the termination is by the employer without cause, or by the executive for good reason. The various key terms are defined specifically in each agreement. Severance benefits are payable in such circumstances. In the event of a change in control, and regardless of whether the executive is terminated, unvested equity awards will vest immediately upon the change in control, consistent with the provisions of our equity compensation plan.

These agreements were put in place and the related triggers were selected to assure that we will have the continued dedication, undivided loyalty and objective advice and counsel from these key executives in the event of a proposed transaction, or the threat of a transaction, which could result in a change in control of the company. We also believe that these agreements are beneficial to the company because, in consideration for these severance arrangements, the executives agree to noncompetition and non-solicitation covenants for a period of time following termination of employment.

In fiscal 2008, we amended and restated employment agreements with our NEOs (Messrs. Marcantonio, Wright, Miller, Wood, and Milroy) to:

- eliminate some inconsistencies among our current agreements with our executives;
- address changes in executive compensation arrangements and competitive issues;
- address governance trends; and
- allow for periodic review of the agreements by us.

We also amended Mr. Wright s employment agreement to make conforming changes to executive employment agreements made for other executives in 2007 and to make the changes set forth above.

Below is a summary of the changes:

Mr. Marcantonio:
In order to comply with Section 409A, Mr. Marcantonio s employment agreement was amended to reflect the timing of payments in the event of termination without cause, termination for good reason, and termination following a change in control. Mr. Marcantonio s employment agreement was also amended to reflect a tax gross up for Section 409A and to provide for attorneys fees in the event an action is commenced by Mr. Marcantonio to collect any claim for cash benefits and Mr. Marcantonio is successful in such action. The amended agreement eliminates a lump sum payment at G&K s discretion in lieu of providing health care continuation coverage, and provides for an annual limit of $7,500 on financial planning and tax preparation services during the 18 month period following a change-in-control termination. The agreement also provides, subject to any plan or program adopted by G&K after the date on which the parties entered into the agreement, for a lump sum payment equal to three times the annual automobile allowance if Mr. Marcantonio is receiving an automobile allowance, rather than a G&K provided automobile, at the time of a change-in-control termination. Subject to any such plan or program, the amended agreement provides for a lump sum payment equal to six times the monthly automobile allowance if Mr. Marcantonio is terminated without cause. The amended agreement does not change the base salary, target incentives, long-term compensation or any other remunerative aspect of the agreement in any other material respect, other than as described above and for Section 409A compliance reasons.

Messrs. Miller, Wood and Milroy:

In order to comply with Section 409A, the employment agreements of Messrs. Miller, Wood and Milroy were also amended to reflect the timing of payments in the event of termination without cause or termination following a change in control. The employment agreements were also amended to provide for attorneys fees in the event an action is commenced by the executive to collect any claim for cash benefits following a change-in-control termination for good reason and the executive is successful in such action. The agreements also provide, subject to any plan or program adopted by G&K after the date on which the parties entered into the agreement, for a lump sum payment equal to three times the annual automobile allowance if an executive is receiving an automobile allowance, rather than a G&K provided automobile, at the time of a change-in-control termination for good reason. Subject to any such plan or program, the amended agreement provides for a lump sum payment equal to six times the monthly automobile allowance if an executive is terminated without cause. The amended agreement does not change the base salary, target incentives, long-term compensation or any other remunerative aspect of the agreement in any other material respect, other than as described above and for Section 409A compliance reasons.

Mr. Wright:

The employment agreement of Mr. Wright was amended to make conforming changes to the employment agreements signed by Messrs. Miller, Wood and Milroy in March 2007. In addition, in order to comply with Section 409A, Mr. Wright s employment agreement was amended in a manner similar to Messrs. Miller, Wood and Milroy s agreements to reflect the timing of payments in the event of termination without cause or termination for good reason following a change in control. The employment agreement was also amended in a manner similar to Messrs. Miller, Wood and Milroy s agreements to provide for attorneys fees in the event an action is commenced by Mr. Wright to collect any claim for cash benefits following a change-in-control termination for good reason and Mr. Wright is successful in such action. The agreement also provides, subject to any plan or program adopted by G&K after the date on which the parties entered into the agreement, for a lump sum payment equal to three times the annual automobile allowance if Mr. Wright is receiving an automobile allowance, rather than a G&K provided automobile, at the time of a change-in-control termination for good reason. Subject to any such plan or program, the amended agreement provides for a lump sum payment equal to six times the monthly automobile allowance if Mr. Wright is terminated without cause.

Why does the company choose to pay each element?

We strive to effectively utilize elements of compensation under a total reward philosophy that combines annual and multi-year reward opportunities. Our intent is to develop a compensation program that rewards the annual accomplishment of the company s goals and objectives while supporting the company s long-term business strategy. We want to encourage our executives to increase shareholder value.

How does the company determine the amount/formula for each element?

Executive compensation is reviewed annually, as follows:

Compensation Committee Meeting Held In:	Agenda
February	Compensation Committee reviews and approves the peer group
May	Compensation Committee reviews market data, establishes equity guidelines, reviews MIP plan design and establishes preliminary company financial performance targets for the upcoming fiscal year
June	Compensation Committee approves MIP plan design and company financial performance targets
August	Compensation Committee reviews performance for prior year and approves merit increases, equity grants, and MIP payouts, provided that the full Board of Directors approves all compensation actions for NEOs

Executive compensation is set at levels that the Compensation Committee believes to be competitive with those offered by employers of comparable size, growth and profitability in the company s industry and in general industry as well. Annually, the Compensation Committee reviews all elements of executive compensation, individually and in the aggregate, against market data for companies with which we compete for executive talent. The Compensation Committee s independent compensation consultant works with our internal human resources and benefits professionals in conducting research and formulating recommendations for the Compensation Committee s consideration to determine the levels and components of compensation to be provided for the fiscal year. The independent compensation consultant also provides background material for consideration by the Compensation Committee with respect to compensation for our Chairman and CEO. The Compensation Committee evaluates our executive compensation based on competitive market information from:

- proxy data from a peer group of publicly-traded companies with similar industry sector (business services) and similar size (revenue, capitalization, number of employees); and

- general survey data based on similar sized companies.

Peer Group Data

The various elements of our executive compensation program for fiscal 2008 (and fiscal 2007) were benchmarked relative to the compensation provided to executives of the following peer group:

- Apogee Enterprises, Inc.

Bowne & Company

Ceridian Corporation

ChoicePoint, Inc.

Cintas Corporation

Comfort Systems USA, Inc.

Crawford & Company

Deluxe Corporation

Donaldson Company, Inc.

Exterran Holdings (newly formed from combining two previous peer group members Hanover Compressor Co. (Holding Co.) and Universal Compression Holdings, Inc.)

Kinetic Concepts, Inc.

NCO Group, Inc.

Paychex, Inc.

Rollins, Inc.

SITEL Corporation

TrueBlue Inc. formerly named Labor Ready, Inc.

UniFirst Corporation

G&K annually reviews the peer group to ensure an appropriate mix of companies that are representative of the companies with which we compete for talent. The following companies which were included in the fiscal 2008 peer group will need to be replaced in fiscal 2009 due to mergers and acquisitions.

Ceridian Corporation was acquired and is delisted from the NYSE

ChoicePoint, Inc. under merger agreement to be acquired by private equity

NCO Group, Inc. bought by private equity

SITEL Corporation merged with ClientLogic; now a private company

General Survey Data

We benchmark NEO compensation to survey data based on job responsibility, generally using market median data from companies with revenues from $1 to $3 billion. G&K also benchmarks plan design, plan features, and participant eligibility as part of the overall analysis process.

Market data is only one reference point in making compensation decisions. G&K also considers the following key variables:

- Size and scope of the position and level of responsibility
- Experience and capabilities of the NEO
- The NEO s performance and potential
- Internal equity (pay of related positions on the team)
- Unique market premiums for key positions
- Each NEO s compensation history
- Business complexity

Disparity Among NEOs
There are no policy differences with respect to the compensation of individual NEOs. The compensation disparity between the Chairman and CEO and other NEOs is due to the difference in nature between the positions, market factors, and the terms of the Chairman and CEO s employment agreement.

How does each element and the company s decision regarding that element fit into the company s overall compensation objectives and affect decisions regarding other elements?
In general, an NEO s compensation at target is weighted more heavily on variable performance-based compensation than on fixed base compensation. This pay mix supports the role of the NEOs in enhancing value to shareholders over the long-term. The variable pay components, at target (annual and long-term incentives) represented more than one-half of the total pay opportunity for all NEOs, including our Chairman and CEO, all of which are at risk. Through this mix of pay, performance has a significant effect on the amount of compensation realized by NEOs. In making actual individual pay decisions, the Compensation Committee considers company performance and individual NEO performance.

Tax Considerations
Section 162(m) of the Internal Revenue Code limits the tax deductibility of compensation in excess of $1 million paid to our Chairman and CEO, Sr. VP CFO, and three other highly compensated executive officers (covered employees), unless the compensation constitutes qualified performance-based compensation, as defined in Section 162(m) thereof. While the Compensation Committee considers the deductibility of compensation arrangements as an important factor in compensation decisions for executives, deductibility is not the sole factor used by the Compensation Committee in ascertaining appropriate levels or modes of compensation. We believe that to remain competitive, we must maintain a compensation program that will continue to attract, retain, and reward the executive talent necessary to maximize shareholder return.

Compensation Committee Report
The Compensation Committee of our Board of Directors has furnished the following report:

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with the company s management. Based on that review and discussion, the Compensation Committee has recommended to the company s Board of Directors that the Compensation Discussion and Analysis be included in the company s proxy statement for the 2008 annual meeting of shareholders.

Wayne M. Fortun
J. Patrick Doyle
John S. Bronson

The Compensation Committee Report set forth above will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that we specifically incorporate such reports by reference, and such report will not otherwise be deemed to be soliciting materials or to be filed under such acts.

Fiscal 2008 Summary Compensation Table

The table below shows the compensation of the company s Chairman and CEO, Sr. VP and CFO, and each of the other three most highly compensated executive officers for services in all capacities to the company in fiscal 2008, except as otherwise indicated. For a discussion of the amount of an NEO s salary and bonus in proportion to his total compensation, please see the Compensation Discussion and Analysis on pages 8 to 13.

We believe that our compensation practices are fair and reasonable. Our executive officers are not guaranteed salary increases or bonus amounts. Pension benefits have been frozen and are calculated on salary and bonus only; the proceeds earned on equity or other equity-based performance awards are not part of the pension calculation. We do not guarantee a return or provide above-market returns on compensation that has been deferred. We have not repriced stock options, and we do not grant reload options. We believe our compensation program holds our executive officers accountable for the financial and competitive performance of our company, and for their individual contribution toward that performance.

EO	Year	Salary ($)[1]	Bonus ($)[2]	Restricted Stock Awards ($)[3]	Stock Options ($)[4]	Non-Equity Incentive Compensation ($)[5]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[6]	All Other Compensation ($)[7]	Total ($)
ichard L. arcantonio,	2007	666,346		249,101	219,214	366,201	74,845	244,516	1,820,223
hairman and EO	2008	696,369		459,213	571,687	766,662	1,911	247,225	2,743,067
ffrey L. Wright,	2007	312,404		113,898	87,318	115,349	32,919	86,471	748,359
VP CFO	2008	341,348		146,829	143,117	265,594	0[8]	87,286	984,174
obert G. Wood,	2007	377,460		75,113	73,963	81,969		149,863	758,368
resident Canada	2008	423,207		99,923	119,784	154,607	[9]	91,251	888,772
avid M. Miller,	2007	297,194		55,713	89,566	77,950	25,997	40,841	587,261
resident US ental Operations	2008	306,111		95,135	158,600	132,088	0[10]	60,701	752,635
ouglas A. Milroy,	2007	N/A	N/A	N/A	N/A	N/A	N/A[11]	N/A	N/A
resident Dir urch & Bus Dev	2008	301,995	45,000	67,485	100,587	135,664	N/A[11]	54,108	704,839