


***INSIDER TRADING POLICY***

**The following insider trading policy was adopted by the board of directors of K-Bro Linen Inc. (the "Corporation") effective as of January 1, 2011.**

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No one with any knowledge of a material change in the affairs of the Corporation that has not been generally disclosed to the public should purchase or sell any securities of the Corporation, inform anyone of such material change (other than in the necessary course of business) or advise anyone to purchase, sell, hold or exchange securities of the Corporation (or any other securities whose price or value may reasonably be expected to be affected by material changes affecting the Corporation) until the information has been generally disclosed to the public and sufficient time has elapsed for such information to have been adequately disseminated to the public.

**Guidelines**

For the purpose of implementing the foregoing principles, the following guidelines have been adopted. These guidelines should be followed by all members of the board of directors (the "**Directors**"), officers and employees of the Corporation and its subsidiaries and their respective associates (including immediate family members):

1. Do not at any time actively "trade" in the securities of the Corporation (which include securities exchangeable into securities of the Corporation). For this purpose, "trading" means purchasing or selling with the expectation of making profit on a short term rise or fall of the market price. To limit the possibility of any suspicion of improper trading, any purchase or sale of securities of the Corporation should only be made for investment, and not speculative, purposes.

2. Do not undertake any trade (purchase or sale) of the securities of the Corporation without informing the Chief Executive Officer and Chief Financial Officer of K-Bro Linen Systems Inc. ("**K-Bro**") of such proposed trade. Notifications to the Chief Executive Officer shall (a) be made by email, (b) specify the amount of shares to be purchased or sold and (c) confirm that the party seeking to make the proposed trade has no knowledge of any material information that has not already been generally disclosed to the public (with sufficient time having elapsed for such information to have been adequately disseminated to the public).

3. Purchases and sales of securities of the Corporation may not be made from seven days prior to the end of each of the fiscal quarters until 48 hours after the general release of the financial results for the quarter and may not be made from seven days prior to the end of each fiscal year until 48 hours after the release of the financial results for the year.

4. No purchase or sale of securities of the Corporation should be made with the knowledge of a material change in the affairs of the Corporation for at least 48 hours after the widespread public release of such change.

5. Until the widespread public release of a material change in the affairs of the Corporation, do not inform any other person about such change or discuss it with anyone other than in the necessary course of business.

**Notification of Trades by Restricted Persons**

In addition to these general guidelines applicable to everyone involved with the Corporation, directors, senior officers and employees who are routinely in possession of undisclosed material information ("**restricted persons**") shall be required to inform the Chief Executive Officer of K-Bro in writing prior to engaging in any trade of units of the Corporation.

**"Material Change"**

A "material change" in the affairs of the Corporation means a change in the business, operations or capital of the Corporation that could reasonably be expected to have a significant effect on the market price or value of the securities of the Corporation. A "material change" includes a decision to make such a change by management where board confirmation is probable. A "material fact" means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Corporation's securities. Material facts and material changes are collectively referred to in this policy as "material information".

**Potential Sanctions**

**There are substantial statutory penalties for persons (which includes the Corporation) or companies where there has been a breach of the insider trading legislation. These penalties include fines up to $5,000,000 (or triple any profit made by such contravention, whichever is greater), and prison terms of up to five years less one day. In addition to statutory penalties, insider trading could cause the Corporation acute embarrassment and may result in disciplinary action against any employee who violates this policy, which may include in termination of employment.**

**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 of K-Bro, who will determine whether or not it is appropriate to vary the policy in such circumstances.**