G&K SERVICES INC
Form DEF 14A
October 09, 2009

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 Registrant o
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 12, 2009

To the Shareholders of G&K Services, Inc.:
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 12, 2009, at 10:00 a.m. Central Standard Time, or at any adjournment or postponement thereof, for the purpose of considering and taking appropriate action with respect to the following:

1. To elect the four Class II 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 2010; and

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

Pursuant to action of the Board of Directors, shareholders of record on September 18, 2009 will be entitled to vote at the meeting or any adjournment or postponement 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 promptly return it 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 9, 2009

Proxy Statement of G&K Services, Inc.

Annual Meeting of Shareholders to be Held Thursday, November 12, 2009

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 12, 2009, 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 postponement thereof, for the purpose of considering and taking appropriate action with respect to the following:

1. To elect the four Class II 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 2010; and

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

The approximate date on which this proxy statement and the accompanying proxy were first sent or given to shareholders was October 9, 2009.

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, at the 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 adjournment or postponement 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 adjournment or postponement thereof.

Voting Procedures

The company has one class of voting securities outstanding: Class A Common Stock, $0.50 par value per share, of which 18,498,452 shares were outstanding as of the close of business on September 18, 2009, 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 adjournment or postponement thereof. A quorum, consisting of the holders of a majority of the stock issued and outstanding and entitled to vote at the annual meeting 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 2010.

PROPOSAL NUMBER 1:

Election of Class II Directors

Pursuant to our Amended and Restated Articles of Incorporation, our Board of Directors is comprised of not less than three and not more than 12 directors, and our Amended and Restated Bylaws state that the number of directors is established by resolution of our Board of Directors. Presently, our Board of Directors consists of ten directors. Pursuant to our Amended and Restated 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 2011, 2009 and 2010 annual shareholders meetings.

Ms. Richter and Messrs. Milroy, Wright and Baszucki, each of whom currently serves as a Class II director, have been nominated by our Board of Directors to serve as our Class II directors for a three-year term commencing immediately following the annual meeting and expiring at our 2012 annual shareholders meeting, or until his or her successor is elected and qualified. Pursuant to their employment agreements, Messrs. Milroy and Wright are required to resign from the Board of Directors if their employment with us is terminated. If elected, each nominee has consented to serve as a Class II director.

Set forth below is information regarding the four individuals nominated for election to our Board of Directors as Class II 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 II Nominees:		
Douglas A. Milroy (50)	Mr. Milroy has served as our Chief Executive Officer and a director since May 2009. Previously, Mr. Milroy served as our President, Direct Purchase and Business Development from November 2006 to May 2009. 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 LLC, 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 serves on the board of JSJ Corporation, where he chairs the Compensation Committee and serves on the Audit Committee. Mr. Milroy holds a Bachelor of Mechanical Engineering degree from the University of Minnesota and an M.B.A. from the Harvard Business School.	2009
Jeffrey L. Wright (47)	Mr. Wright has served as our Executive Vice President and a director since May 2009 and as our Chief Financial Officer since 1999. Previously, Mr. Wright served as our Senior Vice President from January 2004 until May 2009, our Secretary from February 1999 until	2009

	May 2004, and 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. Mr. Wright serves as Chairman of the Textile Rental Services Association and is a director of Hawkins, Inc. (NASDAQ: HWKN), where he serves on the Audit and Compensation Committees. Mr. Wright holds a Bachelor of Arts Accounting degree from the University of St. Thomas.	
Paul Baszucki (69)	Mr. Baszucki is a director 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 and Compensation Committees of WSI Industries, Inc. (NASDAQ: WSCI), 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.	1994
Alice M. Richter (56)	Ms. Richter is a director 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, Ms. Richter served as the National Industry Director of KPMG s U.S. Food and Beverage practice and also served as a member of the Board of Trustees of the KPMG Foundation from 1991 to 2001. Ms. Richter is also a member of the Boards of Directors of West Marine, Inc. (NASDAQ: WMAR), where she also serves as Chair of the Audit Committee, Fingerhut Direct Marketing, Inc., where she serves as the Chair of the Audit Committee and Thrivent Financial for Lutherans, where she serves on the Audit and Technology Committees.	2003

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	Director Term Expires
Douglas A. Milroy	50	Chief Executive Officer and Director (Class II)	2009
Jeffrey L. Wright	47	Executive Vice President, Chief Financial Officer and Director (Class II)	2009
Robert G. Wood	61	President, G&K Services Canada Inc.	
Jeffrey L. Cotter	42	Vice President, General Counsel and Corporate Secretary	
Timothy N. Curran	48	Senior Vice President, U.S. Field	
Paul Baszucki	69	Director (Class II)	2009
John S. Bronson	61	Director (Class III)	2010
Lynn Crump-Caine	53	Director (Class I)	2011
J. Patrick Doyle	46	Director (Class I)	2011
Wayne M. Fortun	60	Director (Class III)	2010
Ernest J. Mrozek	56	Director (Class III)	2010
M. Lenny Pippin	62	Director, Chairman of the Board and Presiding Director (Class I)	2011
Alice M. Richter	56	Director (Class II)	2009

Douglas A. Milroy   *See* information under   Election of Class II Directors   above.

Jeffrey L. Wright   *See* information under   Election of Class II Directors   above.

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.

Jeffrey L. Cotter   Mr. Cotter has served as our Vice President, General Counsel and Corporate Secretary since June 2008. Mr. Cotter joined the company as Senior Corporate Counsel in February 2006, and was named Director of Legal Services and Corporate Secretary in September 2007. Prior to joining the company, since 2003, 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. Mr. Cotter also serves on the Textile Rental Services Association s Government Affairs Committee.

Timothy N. Curran. Mr. Curran has served as our Senior Vice President, U.S. Field since October 2008. Mr. Curran joined the company as Regional Vice President of the Southeast Region in 2004. Prior to joining the company, Mr. Curran served as Vice President, Operations for a distribution division of WebMD from 2002 to 2004, and served as Division General Manager and Director of Business Development for OMNOVA Solutions, a performance chemical and decorative products company, from 2000 to 2002. Mr. Curran also held various operating and leadership positions with Honeywell International Inc. from 1993 to 2000.

Paul Baszucki *See* information under Election of Class II Directors above.

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 for Williams-Sonoma, Inc., a specialty retailer of home furnishings, from 1999 to 2003. 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 Ms. Crump-Caine is a director of the company and serves as a member of the Audit Committee of our Board of Directors. 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 senior 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. (NYSE: KKD), where she chairs the Compensation Committee and serves on the Nominating and Corporate Governance Committees. She also chairs the board of Advocate Health Care and is a member of that board s Executive, Audit and Compensation Committees.

J. Patrick Doyle Mr. Doyle is a director and serves as a member of the Compensation Committee of our Board of Directors. Mr. Doyle currently serves as President of Domino s U.S.A. for Domino s Pizza, Inc. (NYSE: DPZ) Mr. Doyle previously served as Domino s Executive Vice President of U.S. Corporate Stores from October 2004 to September 2007, 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 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.

Wayne M. Fortun Mr. Fortun is a director 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. (NASDAQ: HTCH), 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. (NASDAQ: CHRW), a global provider of multimodal transportation services and logistics solutions.

Ernest J. Mrozek Mr. Mrozek is a director 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, a residential and commercial service company, from November 2006 to his retirement in March 2008. 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. 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 12 years with Arthur Andersen & Co. Mr. Mrozek serves on the board of Chemed Corporation (NSYE: CHE), where he serves on the Audit Committee.

M. Lenny Pippin Mr. Pippin is a director, serves as the Chairman and Presiding Director of our Board of Directors and serves as Chair of the Corporate Governance Committee of our Board of Directors. Mr. Pippin served as Vice Chairman, 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.

Alice M. Richter *See* information under Election of Class II Directors above.

Executive Compensation

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of our total compensation program for our Named Executive Officers (NEOs). Our NEOs are our CEO, our Executive Vice President and Chief Financial Officer, and the three most highly compensated executive officers, other than our CEO and our Executive Vice President and Chief Financial Officer, who were serving as our executive officers at the end of fiscal 2009. In fiscal 2009, our NEOs also include our former Chairman of the Board and CEO and our former President, U.S. Rental Operations. The discussion focuses on the program and decisions for the 2009 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 Corporate Governance Committees of our Board of Directors, as appropriate; and
- reviewing NEO compensation and making recommendations to the Board of Directors, which is responsible for approving all NEO compensation.

The Hay Group serves as an independent compensation consultant to the Compensation Committee of our Board of Directors to perform the functions outlined below. Although the Hay Group primarily supports the Compensation Committee, on occasion, the Hay Group has provided market data and general compensation consultation to the company. The Compensation Committee also works with our human resources and compensation and benefits professionals on the design and implementation of executive compensation programs and certain retirement 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 Board of Directors.

Role of Compensation Consultant

The Hay Group provides 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. As requested, the Hay Group provides guidance as it relates to the following committee responsibilities:

- review Compensation Committee agendas and supporting materials in advance of each meeting;
- attend Compensation Committee meetings;
- make recommendations on companies to include in our 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 Compensation 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 CEO compensation without prior review by management, except for necessary fact checking;

provide market data and recommendations on director compensation;

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;

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;

advise the Compensation Committee on management proposals, as requested; and

undertake special projects at the request of the Compensation Committee.

In fiscal 2009, as part of its ongoing services to the Compensation Committee as described above, a Hay Group representative 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 changes;

participated in review and design of the company s long-term incentive and equity programs;

conducted market analysis of the Board of Director compensation (in fiscal 2009, no changes were made to the Board of Director s compensation package, other than to address compensation for Mr. Pippin as Chairman of our board);

reviewed market analysis of Chairman compensation and made recommendations on Chairman s compensation package;

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

reviewed market analysis of Executive Vice President and Chief Financial Officer compensation and made recommendations on the same.

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

Our CEO recommends compensation actions (other than for himself) and submits those recommendations to the Compensation Committee for review.

Our CEO provides his perspective on recommendations provided by the compensation consultant 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 Executive Vice President and Chief Financial Officer, Vice President and Controller, and our Vice President, General Counsel and Corporate Secretary, 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 our employees, as well as our financial results.

Discussion and Analysis
The following discussion and analysis is focused on our NEO compensation program. The discussion focuses on the program and decisions for fiscal 2009 and specifically answers the following questions:

1. What are the objectives of our compensation program?

2. What is the compensation program designed to reward?

3. What is each element of compensation?

4. Why do we choose to pay each element?

5. How do we determine the amount/formula for each element?

6. How does each element and our decision regarding that element fit into our overall compensation objectives and affect decisions regarding other elements?

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

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 our annual objectives and long-term goals;

reward the achievement of company performance objectives; and

recognize and reward strong individual initiative and team performance.

Shareholder value and corporate performance are realized through our ongoing business strategy to:

- achieve year-over-year growth in revenue and earnings;
- drive strong cash flow;
- maintain financial strength and flexibility; and
- reward strong individual performance that is aligned with company goals and objectives.

What is each element of compensation?
There are five components of our executive compensation program:

- base salary;
- annual management incentive compensation (referred to as our 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 us to attract high-caliber talent and retain executives 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 prevailing market conditions.

For NEOs (excluding the CEO), individual performance is assessed against business performance objectives and individual performance 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 CEO. Annually, the CEO provides a performance review of the NEOs with our Board of Directors to assess each NEO s performance, strengths and accomplishments, along with challenges and areas for improvement. The CEO makes compensation recommendations (base, equity grant, assessment of individual performance 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 CEO must also conduct a self-assessment of his performance over the fiscal year, which he reviews with the Chairs of the Compensation and Corporate Governance Committees of our Board of Directors. The Board of Directors also completes an evaluation of the CEO s performance. The Chairs of the Compensation and Corporate Governance Committee review with the Corporate Governance Committee the specific performance recommendations. The Hay Group then works with the Chair of the Compensation Committee to make compensation recommendations for review by the Compensation Committee and final review and approval by the Board of Directors. In fiscal 2009, merit increases for the NEOs ranged from 0.0% to 4.5%, reflecting differences in performance, pay relevant to market and consideration of internal equity.

Annual Management Incentive Plan

Our MIP is a variable pay program tied to achievement of annual business and individual performance goals. The MIP is designed to compensate NEOs for meeting specific company financial goals and for individual performance. 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)
Former Chairman and CEO (Marcantonio)	80%
CEO (Milroy)	75%
Executive Vice President and Chief Financial Officer	55%
President, G&K Services Canada	50%
Senior Vice President	40%
Vice President	40%

As is discussed in more detail below, in May 2009, together with Mr. Marcantonio, we mutually agreed to terminate his employment with the company. When Mr. Milroy was named CEO in May 2009, his target incentive was set at 75% (instead of 80%), which reflects that his position does not include Chairman of the Board responsibilities. 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 because they best represent our primary short-term growth goals and align with and support the attainment of our long-term strategy.

Individual Discretionary: 100% discretionary assessment of performance, which considers all dimensions of performance over the year, including the individual performance, functional leadership, teamwork and collaboration, and results achieved on special projects.

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	
Plan Measures	CEO[1]	EVP, President G&K Canada, SVP and VP	Threshold	Target	Maximum	Achievement	Payout Factor
Company Financial Measures:			(30% Payout)	(100% Payout)	(200% Payout)		
Revenue Growth[2]	40%	35%	$1,012.5 M	$1,036 M	$1,052.8 M	$935.6 M	0%
EPS Growth[3]	40%	35%	$2.33	$2.48	$2.58	$(3.94)	0%
Individual Discretionary	20%	30%	(0% Payout)	(100% Payout) [4]	(200% Payout)	[4]	
Total	100%	100%					

(1) Weights listed for CEO are in reference to Mr. Milroy, as Mr. Marcantonio was not eligible for a MIP payment because he was not employed at the end of the fiscal year.

(2) In order to earn a payout for the company revenue growth objective, performance must be achieved at or above the threshold level and the company s EPS performance must exceed the EPS level achieved in the previous fiscal year.

(3) In order to earn a payout for the company earnings per share growth objective, performance must be achieved at or above the threshold level.

(4) The actual payouts for the discretionary component of the MIP achieved for each NEO for fiscal 2009, expressed as a percentage of the applicable target incentive level, were as follows: Mr. Milroy 54%, Mr. Wright 40%, Mr. Curran 40%, Mr. Wood 25% and Mr. Cotter 35%.

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 toward 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 for company financial measures are based on actual business results compared to the performance targets, which were approved at the beginning of the fiscal year.

At the end of the fiscal year, a rating of the results is recommended by the 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 CEO s results are evaluated by the Compensation and Corporate Governance Committees, with their recommended rating on individual performance 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

The Compensation Committee of our Board of Directors determines incentive compensation plan design for company financial measures based generally on achievement of certain targets against an internal business plan approved annually by the Board of Directors. Over the past three years, the payout percentage has ranged from 0% to 146% of each executive participant s target award opportunity for these measures, with an average payout percentage equal to approximately 70.5% of the target award opportunity. MIP payouts are currently capped at 200% of target.

In making MIP payments to the NEOs, the Compensation Committee approved and recommended the inclusion of a discretionary component to recognize each NEO s significant contributions to the company and strong leadership during the fiscal year. The decision to move to a discretionary component was based on a desire to encourage team achievement to drive company performance and functional leadership. In calculating the CEO s discretionary award, the committee reviewed the CEO s individual performance and market data provided by the Hay Group. In calculating the amount of the remaining NEO s discretionary awards, the CEO evaluated each NEO s pay based on his knowledge regarding individual NEO performance and total company performance. The CEO then recommended a discretionary bonus amount to the committee, after which the committee considered such recommendation in light of the individual NEO s performance, company results, the bonus amounts paid to such NEO for fiscal 2007 and 2008 and competitive market data. Following committee approval of the MIP awards, our Board of Directors approved the final bonus amounts.

Long-Term Equity Compensation

Long-term equity compensation supports strong organization performance over a 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 (run rate) and shareholder dilution. Individual equity awards are based on individual performance.

In fiscal 2009, we granted two types of equity awards:

Non-Qualified Stock Options each stock option represents the right to purchase a specified number of shares of our 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 common stock after the time restrictions lapse. Other than Mr. Wright s May 2009 stock grant, all of which will vest on May 7, 2012, restrictions on restricted stock 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. 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
Our equity grant practice is to use a combination of stock options (to reward growth) and restricted stock (to support retention). Each year, we establish target grant values taking into consideration market median grant levels while still managing annual run rate and shareholder dilution within appropriate levels. We then evaluate the mix with the objective of delivering as much of the equity grant in stock options as possible to drive growth. For fiscal 2009, the Compensation Committee approved equity compensation grants allocated among the types of awards, as follows:

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

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

Stock Options: (percentage allocated to stock options x target grant level)/Black Scholes value

Restricted Stock: (percentage 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 our stock price volatility, and for fiscal 2009 was 4:1.

Grant Practice
Historically, our grant practice 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 in 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 Directors 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.

Equity Holding Guidelines
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. Beginning in August 2004, we required NEOs 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 requirements apply to restricted stock at the time of vesting and stock options at the time of exercise. Effective in fiscal 2008, we modified our equity ownership guidelines for our executive officers to allow NEOs five years to achieve ownership targets, which are five times base salary for our 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. Our 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 our other salaried employees, as well as the following supplemental benefits:

Supplemental Executive Retirement Plan (SERP) (this plan was frozen as of January 1, 2007)

Executive Deferred Compensation Plan (DEFCO)

Executive long-term disability insurance

Financial planning services

n Former Chairman and CEO (Marcantonio) $7,500 each year

n CEO (Milroy) $7,500 each year

n Executive Vice President and Chief Financial Officer $5,000 each year

n President, G&K Services Canada and Senior Vice Presidents $5,000 each year

n Vice President, General Counsel and Corporate Secretary $3,500 each year

Executive physical

Leased automobiles for NEOs (in process of being phased out and replaced with a weekly taxable car allowance for those individuals who had a leased automobile)

Fringe Benefits
We periodically reassess our level of fringe benefits. In 2007, we redesigned our company-sponsored retirement program for United States non-union employees, including the United States 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) plan and the DEFCO. In fiscal 2008, we decided to phase out leased automobiles for NEOs over the next two years as automobiles come off lease. This fringe benefit was replaced with a weekly taxable car allowance. The following NEOs currently receive the following weekly car allowance: Mr. Wood $413 CAD, Mr. Wright $375 and Mr. Curran $231.

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 utilize employment agreements for the following levels in our organization: CEO, Executive Vice President and Chief Financial Officer, President and Senior Vice President. Specifically, we have entered into employment agreements with Messrs. Milroy, Wright, Wood and Curran that provide benefits to the executive if the individual is terminated after a change in control of the company. Specifically, benefits are provided if the executive 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 us 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 2009, we amended the employment agreements of Messrs. Milroy and Wright in connection with their respective promotions. Below is a summary of the changes:

Mr. Milroy:
The amendment to Mr. Milroy s employment agreement (i) reflects his appointment to serve as Chief Executive Officer; (ii) provides for his resignation from all positions held with us if his employment with us is terminated, including any of our company boards on which he serves as a director; and (iii) establishes a severance benefit equal to 1.99 times his annual base salary upon a termination by us without cause or, following a change in control, upon a termination by Mr. Milroy for good reason (previously, Mr. Milroy s employment agreement provided for a severance benefit equal to 11 months of base salary). At the time of the amendment to Mr. Milroy s employment agreement, our Board of Directors, upon the recommendation of the Compensation Committee, modified the terms of Mr. Milroy s compensation arrangements, including (i) an increased annual base salary to $550,000; (ii) a new MIP target incentive of 75% of his annual base salary; (iii) an award of 20,000 restricted shares of our common stock, vesting in equal installments on each of the next five anniversaries of the May 7, 2009 award date; (iv) an option to purchase up to 40,000 shares of our common stock, vesting in equal installments on each of the next three anniversaries of the May 7,

2009 grant date; and (v) financial planning services of up to $7,500 annually.

Mr. Wright:

The amendment to Mr. Wright s employment agreement (i) reflects his appointment to serve as Executive Vice President and Chief Financial Officer; and (ii) provides for his resignation from all positions held with us if his employment with us is terminated, including any of our company boards on which he serves as a director. At the time of the amendment to Mr. Wright s employment agreement, our Board of Directors, upon the recommendation of the Compensation Committee, approved an award to Mr. Wright of 15,000 restricted shares of our common stock, all of which will vest on May 7, 2012.

Why do we 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 our long-term business strategy. We want to encourage our executives to increase shareholder value.

How do we 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 composition
May	Compensation Committee reviews market data, establishes equity guidelines, reviews MIP design and establishes preliminary company financial performance targets for the upcoming fiscal year
June	Compensation Committee approves MIP design and company financial performance targets for the upcoming fiscal year
August	Compensation Committee reviews performance for prior year and approves merit increases, equity grants, and MIP payouts, provided our 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 our industry and industries in general. 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 Hay Group 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 Hay Group also provides background material for consideration by the Compensation Committee with respect to compensation for our 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 2009 were benchmarked relative to the compensation provided to executives of the following peer group:

- Apogee Enterprises, Inc.
- Bowne & Company
- Cintas Corporation
- Comfort Systems USA, Inc.
- Clean Harbors Environmental Services, Inc.
- Crawford & Company

- Deluxe Corporation
- Donaldson Company, Inc.
- Exterran Holdings, Inc.
- Invacare Corporation
- Kinetic Concepts, Inc.
- Mine Safety Appliances Company
- Paychex, Inc.
- Pentair, Inc.
- Polaris Industries Inc.
- Rollins, Inc.
- The Toro Company
- TrueBlue Inc.
- Varian Medical Systems, Inc.
- UniFirst Corporation

We annually review the peer group to ensure an appropriate mix of companies that are representative of the companies with which we compete for talent. During fiscal 2009, we decided to broaden our peer group to ensure that it includes appropriate service industry comparisons and other companies with headquarters located near our corporate headquarters. To that end, the following companies were added to our peer group analysis: Clean Harbors Environmental Services, Inc., Invacare Corporation, Polaris Industries Inc., The Toro Company and Varian Medical Systems, Inc.

General Survey Data
We benchmark NEO compensation to survey data based on job responsibility, generally using market median data from companies with comparable revenue. We also benchmark 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. We also consider 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;

the NEO s compensation history; and

business complexity.

Disparity among NEOs

There are no policy differences with respect to the compensation of individual NEOs. The compensation disparity between our highest paid NEOs and other NEOs is due to the difference in nature among the positions, market factors, and the terms, if any, of the NEO s employment agreement.

How does each element and our decision regarding that element fit into our 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, 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 NEOs, unless the compensation constitutes qualified performance-based compensation, as defined in Section 162(m). 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 2009 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 2009 Summary Compensation Table

The table below shows the compensation of our NEOs for services in all capacities to the company in fiscal 2009, except as otherwise indicated. This table also includes compensation information for Mr. Marcantonio, our former Chairman and Chief Executive Officer, and for David M. Miller, our former President U.S. Rental Operations. For a discussion of the amount of an NEO s salary and bonus in proportion to his total compensation, *see* the Compensation Discussion and Analysis on pages 4 to 11.

On May 7, 2009, we mutually agreed with Richard L. Marcantonio to the termination of Mr. Marcantonio s employment with us, effective as of the close of business on May 7, 2009. At the same time, Mr. Marcantonio resigned from all his positions with us and our subsidiaries and affiliates. In accordance with Mr. Marcantonio s then existing employment agreement, Mr. Marcantonio was eligible for severance benefits (such benefits are subject to continued compliance with the surviving terms and conditions of his employment agreement and the separation agreement into which we entered with Mr. Marcantonio). The cash value of such benefits is described in footnote 3 to the All Other Compensation table on page 13. In addition, in accordance with the terms of his then existing employment agreement, all unvested outstanding restricted stock and stock options held by Mr. Marcantonio vested as of the close of business on May 7, 2009, pursuant to the terms of each grant or award and the plans under which they were made. Payments due to Mr. Marcantonio under our Pension Plan, SERP, DEFCO and 401(k) Plan will be paid in accordance with the terms of each plan.

David Miller, our former President U.S. Rental Operation, was employed with us through October 22, 2008. In accordance with Mr. Miller s then existing employment agreement, Mr. Miller received certain severance benefits which are described in footnote 3 to the All Other Compensation table on page 13.

We believe that our compensation practices are fair and reasonable. Our NEOs are not guaranteed salary increases or bonus amounts. Pension benefits have been frozen and were calculated on salary and bonus only; the proceeds earned on equity or other equity-based performance awards were 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 NEOs accountable for our financial and competitive performance and for their individual contribution toward that performance, and we do not believe that our compensation practices encourage unnecessary risks.

	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]
ilroy,								
ve Officer	2009	348,821	N/A	125,528	192,714	100,000	N/A(8)	78,781
	2008	301,995	45,000	67,485	100,587	135,664	N/A(8)	54,108
	2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ght,	2009	355,154	N/A	188,136	184,496	78,594	15,178	90,546
e President and Chief	2008	341,348	N/A	146,829	143,117	265,594	(9)	87,286
icer	2007	312,404	N/A	113,898	87,318	115,349	32,919	86,471
od,	2009	369,260	N/A	116,887	163,433	46,157	N/A(10)	59,483
&K	2008	423,207	N/A	99,923	119,784	154,607	N/A	91,251
ada	2007	377,460	N/A	75,113	73,963	81,969	N/A	149,863
urran,	2009	264,363	N/A	65,771	51,814	44,000	4,667	106,408
	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S. Field	2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ter	2009	220,742	N/A	17,493	15,214	31,501	N/A(8)	20,608
t, General Counsel and	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A
cretary	2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A
arcantonio,	2009	709,519	N/A	1,014,349	1,062,525		49,906	2,516,052
irman	2008	696,369	N/A	459,213	571,687	766,662	1,911(12)	247,225
	2007	666,346	N/A	249,101	219,214	366,201	74,845	244,516
ler,	2009	112,681	N/A	128,260	189,270		2,729	370,767
sident	2008	306,111	N/A	95,135	158,600	132,088	(14)	60,701
erations [13]	2007	297,194	N/A	55,713	89,566	77,950	25,997	40,841

(1) The annual base salary rate set by the Compensation Committee for fiscal 2009 (effective September 1, 2008) for each NEO was as follows: Mr. Milroy $318,206, adjusted to $550,000 effective as of May 7, 2009; Mr. Wright: $357,245; Mr. Wood: $427,137 CAD (in the table above, Mr. Wood s fiscal 2009 base salary has been converted to USD using an average exchange rate for fiscal 2009 of 0.8645); Mr. Curran $275,000; Mr. Cotter $225,000; Mr. Marcantonio: $725,000; and Mr. Miller: $315,352. The annual base salary rate set by the Compensation Committee for fiscal 2008 (effective September 1, 2007) for each NEO was as follows: Mr. Marcantonio: $700,000; Mr. Wright: $345,164; Mr. Miller: $307,661; Mr. Wood: $427,137 CAD (in the table above, Mr. Wood s fiscal 2008 base salary was converted to USD in the table above using an average exchange rate for

fiscal 2008 of 0.9908); and Mr. Milroy: $304,504. Messrs. Curran and Cotter were not executive officers prior to the beginning of fiscal 2009; thus, their base salaries were not determined by the Compensation Committee. The annual base salary rate set by the Compensation Committee for fiscal 2007 (effective September 1, 2006) for each NEO was as follows: Mr. Marcantonio: $675,000; Mr. Wright: $315,000; Mr. Miller: $298,700; Mr. Wood: $427,137 CAD (in the table above, Mr. Wood s fiscal 2007 base salary was converted to USD in the table above using an average exchange rate for fiscal 2007 of 0.8837).

(2) Our MIP is performance-based. In accordance with SEC requirements, these amounts are reported in the Non-Equity Incentive Plan Compensation table and column. In fiscal 2008, Mr. Milroy received a discretionary bonus equal to 15% of his base salary, or $45,000, for his significant contributions involving the implementation of SAP software into Lion Uniform Group; the development of a revised plan for the introduction of Dockers® apparel in the company utilizing existing facilities; and for playing a key advisory role on a key new project affecting the company s service organization (the key new project was in addition to his other assigned responsibilities).

(3) Shown is the expense recognized in our financial statements for fiscal years 2009, 2008 and 2007 under FAS 123(R) for all restricted stock awards held by each NEO. This amount is comprised of the fair market value of restricted stock granted from July 2002 through June 2009, which were allocated to service provided by the NEO during fiscal years 2007, 2008, and 2009. Accounting estimates of forfeitures are not included in these figures. Mr. Miller forfeited 13,109 shares of restricted stock in October 2009.

(4) Shown is the expense recognized in our financial statements for fiscal years 2009, 2008 and 2007 under FAS 123(R) for all outstanding stock option awards held by each NEO. This amount is comprised of the fair market value of stock options granted from July 2004 through June 2009, which were allocated to service provided by the NEO during fiscal years 2007, 2008 and 2009. Accounting estimates of forfeitures are not included in these figures. Assumptions used in the valuation of stock option awards are set forth in Note 10 to our audited financial statements for the year ended June 27, 2009. Mr. Miller forfeited 47,829 options in October 2009.

(5) Includes MIP performance amounts earned in fiscal years 2009, 2008 and 2007.

(6) We do not pay above market earnings on deferred compensation. Therefore, no amounts are reported in this column for deferred compensation. For qualified and non-qualified plan benefits this represents (i) the actuarial present value of the accumulated benefit as of the last day of the fiscal year and valued as of the last day of the fiscal year minus (ii) the actuarial present value of the accumulated benefit as of first day of the fiscal year and valued as of the first day of the fiscal year. The benefits have been valued assuming benefits commence at age 65 and using FAS 87 assumptions for mortality, assumed payment form and discount rates in effect at the measurement dates. Mr. Wood is not eligible to participate in our Pension Plan, SERP, DEFCO, or 401(k) plan. Instead, he participates in a Canadian pension program and a retirement compensation arrangement.

(7) The value of perquisites and other personal benefits is provided in this column (*see* table below).

(8) Messrs. Milroy and Cotter do not participate in our SERP or our Pension Plan.

(9) For fiscal year 2008, the change in value for Mr. Wright was ($2,944) under our Pension Plan and ($13,741) under our SERP.

(10) Mr. Wood is not covered by our U.S. qualified and non-qualified retirement plans.

(11 On May 7, 2009, we mutually agreed with Richard L. Marcantonio to terminate Mr. Marcantonio s employment with us, effective as of the close of business on May 7, 2009.

(12) For fiscal year 2008, the change in value for Mr. Marcantonio was $1,911 under our Pension Plan and ($20,345) under our SERP.

(13) David M. Miller, our former President U.S. Rental Operations, was employed with us through October 22, 2008.

(14) For fiscal year 2008, the change in value for Mr. Miller was ($2,328) under our SERP. Mr. Miller did not participate in our Pension Plan.

All Other Compensation

	Year	Tax Gross-up ($)[1]	Loan ($)[2]	Severance Payments ($)[3]	Financial Planning and Club Dues ($)[4]	Car ($)[5]	401(k) Match ($)[6]	DEFCO Match ($)[7]	Taxable Life ($)[8]	Pension ($)[9]	Executi LT ($)(
	2009				1,507	16,779	10,762	49,733			
	2008					16,058	5,068	32,982			
	2007	N/A			N/A	N/A	N/A	N/A			
	2009				443	18,268	9,917	61,918			
	2008	16,350			250	17,793	10,043	42,850			
	2007	22,763			9,988	17,132	7,173	29,415			
	2009					17,247			871	40,333	1,0
	2008	21,809				25,969			1,040	41,250	1,1
	2007	32,147			98	25,535			855	90,045	1,1
	2009	26,580				45,511	10,562	23,755			
	2008	N/A			N/A	N/A	N/A	N/A			
	2007	N/A			N/A	N/A	N/A	N/A			
	2009				192		10,289	10,127			
	2008	N/A			N/A	N/A	N/A	N/A			
	2007	N/A			N/A	N/A	N/A	N/A			
tonio	2009			2,276,351	10,000	20,943	17,456	191,302			
	2008	32,113	40,000		5,000	22,777	13,153	134,182			
	2007	74,097	40,000		10,338	22,703	12,390	84,988			
	2009	7,048		321,124	2,500	12,000	3,708	24,387			
	2008					18,614	9,489	32,598			
	2007				2,500	17,527	5,716	15,098			

(1) For Mr. Marcantonio, this amount includes tax gross-ups on restricted stock granted in 2002 and 2003 and a tax-gross-up on the taxes due on the forgiven portion of his loan repayment (final payment was made July 2007). For Mr. Wood, these amounts include tax gross-ups on restricted stock granted in 2001. For Mr. Wright, these amounts include tax gross-ups on restricted stock granted in 2000 and 2001. For Mr. Curran, this amount includes $7,981 for tax gross-ups on the payment of relocation expenses and $18,599 for tax gross-ups on the company s purchase of his vehicle upon his promotion to Senior Vice President, U.S. Field in October 2009. For Mr. Miller, this amount represents the gross-up on the payment of the employer-paid portion of group health benefits.

(2) Includes final loan amount forgiven for Mr. Marcantonio.

(3) Severance amounts for Mr. Marcantonio include (i) $2,167, 750, of which $490,000 was paid in a lump sum and the remainder will be paid in equal weekly installments for 12 months starting November 7, 2009, (ii) $60,417 paid in lieu of the company providing 30 days notice; (iii) $11,084 for the employer-paid portion of group health benefit costs, (iv) $25,000 for outplacement expenses and (v) $12,100 payable on November 7, 2009, the six-month anniversary of Mr. Marcantonio s termination date. Severance amounts for Mr. Miller include (i) $289,073, payable in equal weekly installments of $6,046, (ii) $10,301 for the employer-paid portion of group health benefit costs, (iii) $12,000 for outplacement expenses and (iv) $9,750 relating to his car allowance.

(4) Includes monthly dues and expense for country club (which were eliminated in fiscal year 2008) and fees paid by us on behalf of the NEO for financial planning. In fiscal year 2008, financial planning was capped at $5,000 per calendar year for the Chairman and CEO and $2,500 per calendar year for the remaining NEOs. The cap on financial planning was increased in June 2008 to $7,500 per calendar year for the Chairman and CEO, $5,000 per calendar year for the President, G&K Services Canada, Executive Vice Presidents and Senior Vice Presidents and $3,500 per calendar year for Vice Presidents. The amount reflected for Mr. Marcantonio for fiscal 2009 includes a portion paid in calendar 2008 and a portion paid in calendar 2009. The amount reflected for Mr. Wright in fiscal year 2007 includes $8,114 for country club dues and $1,874 for financial planning. The amount reflected for Mr. Marcantonio for fiscal year 2007 includes $3,438 for country club dues and $6,900 for financial planning. All other amounts are for financial planning only.

(5) The amount was calculated based on the cost of the leased vehicle to the company including lease, insurance, gas and maintenance, plus the weekly car allowance, if applicable. The amount reflected for Mr. Curran includes $16,298 for the cost of the leased vehicle and weekly car allowance and $29,213 for the company s purchase of his vehicle upon his promotion to Senior Vice President, U.S. Field in October 2009.

(6) Includes company match on 401(k) and non-elective contributions.

(7) Includes company match on DEFCO and non-elective contributions.

(8) Includes fees paid by us for taxable life insurance.

(9) Includes a one-time cash contribution of $75,000, a company match to a Canadian retirement plan for Mr. Wood and contributions by us to a Canadian retirement compensation arrangement for Mr. Wood.

(10) Includes fees paid by us for an executive long-term disability plan for Mr. Wood.

Grants of Plan-Based Awards in Fiscal 2009

The following table shows the grants of plan-based awards to the NEOs in fiscal 2009. All awards identified by a grant date and approval date reflect awards made under our 2006 Equity Incentive Plan. Awards with no grant date or award date denoted reflect awards under our MIP.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ($)[1]			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units[3]	All Other Option Awards: Number of Shares of Stock or Units[4]	Exercise or Base Price of Option Awards ($)[5]
	Grant Date	Approval Date	Minimum	Target	Maximum	Threshold	Target	Maximum			
. Milroy	8/21/08	8/21/08							6,105	16,284	34.27
	5/7/09	5/7/09							20,000	40,000	23.68
				412,500(2)	825,000(2)						
Wright	8/21/08	8/21/08							5,165	13,779	34.27
	5/7/09	5/7/09							15,000		23.68
				196,485	392,970						
Wood	8/21/08	8/21/08							4,695	12,525	34.27
				184,632	369,264						
. Curran	8/21/08	8/21/08							2,120	5,655	34.27
	9/23/08	9/23/08								5,000	35.92
				110,000	220,000						
Cotter	8/21/08	8/21/08							1,490	3,972	34.27
				90,000	180,000						
Marcantonio	8/21/08	8/21/08							13,600	54,300	34.27
			N/A	N/A	N/A						
Miller	8/21/08	8/21/08							3,995	10,647	34.27
			N/A	N/A	N/A						

(1) These columns reflect minimum, target, and maximum payouts under our MIP for fiscal 2009. Mr. Wood s target was converted to USD using an exchange rate of 0.8645. The maximum payouts for NEOs and other executives reporting to the CEO were determined based on a formula for the financial measures as follows: for each 5% above the EPS target, the payout factor increased by 7.14% and for each 6.25% of company total revenue above target, the payout factor increased by 12.5%. The actual amount earned by each NEO is reported under the Non-Equity Incentive Plan Compensation column in the Summary Compensation table. Over the past three years, the payout percentage has ranged from 0% to 146% of each executive participant s target award opportunity for

these measures, with an average payout percentage equal to approximately 70.5% of the target award opportunity. MIP payouts are currently capped at 200% of target.

(2) Subject to the provisions of Section 162(m) of the Internal Revenue Code, we may pay a portion of any incentive payments to Mr. Milroy under the terms of our 2006 Equity Incentive Plan.

(3) The stock awards granted to NEOs in fiscal 2009 were restricted stock awards. Each share of restricted stock represents the right to receive a share of our common stock on the vesting date. Restricted stock vests in five equal installments beginning on the first anniversary of the grant date, except that the grant of 15,000 restricted shares to Mr. Wright on May 7, 2009 all vest on the third anniversary of the grant date. Dividends are paid on these shares.

(4) Each stock option granted to an NEO in fiscal 2009 represents the right to purchase a share of our common stock at a specified exercise price subject to the terms and conditions of the option agreement. These options have a ten year term and vest and become exercisable in three equal installments beginning on the first anniversary of the grant date.

(5) The exercise price is the fair market value of our common stock on the day the option was granted. Fair market value is set based on market close on the grant date.

(6) This column represents the grant date fair value of each equity award granted during fiscal 2009, which is calculated in accordance with FAS 123(R). By contrast, the amount shown for stock and option awards in the Summary Compensation Table is the amount recognized by the company for financial statement purposes in fiscal 2008 for awards granted in fiscal 2009 and prior years to the NEOs. None of the options or other equity awards granted to the NEOs was repriced or otherwise modified. For information regarding our equity compensation grant practices, *see* the Compensation Discussion and Analysis on page 8.

Outstanding Equity Awards at Fiscal Year-End 2009
The following table shows the outstanding equity awards for each of the NEOs:

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date(1)	Number of Shares or Units of Stock that Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested($)(3)
Douglas A. Milroy	6,000	3,000(4)	$ 39.97	11/20/2016	33,017	735,619
	2,128	4,256(5)	$ 39.82	08/23/2017		
		25,000(6)	$ 41.17	11/15/2014		
		16,284(7)	$ 34.27	08/21/2018		
		40,000(8)	$ 23.68	05/07/2019		
Jeffrey L. Wright	1,540		$ 41.56	09/01/2009	31,198	695,091
	2,639		$ 28.50	09/01/2010		
	3,220		$ 27.95	09/01/2011		
	10,000		$ 35.69	01/02/2013		
	10,002		$ 32.57	08/25/2013		
	5,700		$ 36.41	08/31/2014		
	9,501		$ 42.97	09/01/2015		
	8,080	4,040(9)	$ 33.11	09/01/2016		
	2,313	4,626(5)	$ 39.82	08/23/2017		
		25,000(6)	$ 41.17	11/15/2014		
		13,779(7)	$ 34.27	08/21/2018		
Robert G. Wood	1,560		$ 41.56	09/01/2009	12,355	275,269
	6,000		$ 35.69	01/02/2013		
	6,000		$ 32.57	08/25/2013		
	7,300		$ 36.41	08/31/2014		
	6,150		$ 42.97	09/01/2015		
	1,350		$ 39.09	02/22/2016		
	5,154	2,577(9)	$ 33.11	09/01/2016		
	1,758	3,516(5)	$ 39.82	08/23/2017		
		25,000(6)	$ 41.17	11/15/2014		
		12,525(7)	$ 34.27	08/21/2018		
Timothy N. Curran	3,000		$ 39.19	01/26/2014	6,713	149,566
	4,000		$ 36.41	08/31/2014		
	4,002		$ 42.97	09/01/2015		
	3,654	1,827(9)	$ 33.11	09/01/2016		

	1,002	2,004(5)	$ 39.82	08/23/2017		
		5,655(7)	$ 34.27	08/21/2018		
		5,000(10)	$ 35.92	09/23/2018		
Jeffrey L. Cotter	1,000		$ 39.44	02/03/2016	2,376	52,937
	328	164(9)	$ 33.11	09/01/2016		
	159	318(5)	$ 39.82	08/23/2017		
		3,972(7)	$ 34.27	08/21/2018		
Richard L. Marcantonio	100,000		$ 31.32	12/31/2009		
	10,000		$ 35.69	12/31/2009		
	17,220		$ 32.57	12/31/2009		
	14,640		$ 36.41	12/31/2009		
	21,000		$ 42.97	12/31/2009		
	26,001		$ 33.11	09/01/2016		
	33,000		$ 39.82	08/23/2017		
	60,000		$ 41.17	11/15/2014		
	54,300		$ 34.27	08/21/2018		
David M. Miller						

(1) For each option shown, the expiration date is the tenth anniversary of the date the option was granted, except for those options referenced in footnote 6.

(2) The following table indicates the dates when the shares of restricted stock held by each NEO vest and are no longer subject to forfeiture:

Vesting Date	Douglas A. Milroy	Jeffrey L. Wright	Robert G. Wood	Timothy N. Curran	Jeffrey L. Cotter
08/21/2009	1,221	1,033	939	424	298
08/23/2009	1,278	1,389	1,056	603	184
08/31/2009		390			
09/01/2009		1,907	1,222	816	50
11/20/2009	600				
02/22/2010			90		
05/07/2010	4,000				
08/21/2010	1,221	1,033	939	424	298
08/23/2010	1,278	1,389	1,056	603	184
09/01/2010		1,907	1,222	816	50
11/20/2010	600				
02/22/2011			90		
05/07/2011	4,000				
08/21/2011	1,221	1,033	939	424	298
08/23/2011	1,278	1,389	1,056	603	184
09/01/2011		1,273	812	549	50
11/20/2011	600				
05/07/2012	4,000	15,000			
08/21/2012	1,221	1,033	939	424	298
08/23/2012	1,278	1,389	1,056	603	184
05/07/2013	4,000				
08/21/2013	1,221	1,033	939	424	298
05/07/2014	4,000				
Total	33,017	31,198	12,355	6,713	2,376

(3) Calculated by multiplying the number of restricted shares by $22.28, the closing price of our common stock on June 26, 2009, the last business day of the fiscal year. Dividends are paid on these shares.

(4) These options continue to vest and the remaining shares become exercisable on November 20, 2009, assuming continued employment.

(5) These options continue to vest and the remaining shares become exercisable in two equal installments on August 23, 2009 and August 23, 2010, assuming continued employment.

(6) These options cliff vest and become exercisable on November 15, 2010, assuming continued employment.

(7) These options continue to vest and the remaining shares become exercisable in three equal installments on August 21, 2009, 2010, and 2011, assuming continued employment.

(8)

These options continue to vest and the remaining shares become exercisable in three equal installments on May 7, 2010, 2011, and 2012, assuming continued employment.

(9) These options continue to vest and the remaining shares become exercisable on September 1, 2009, assuming continued employment.

(10) These options continue to vest and the remaining shares become exercisable in three equal installments on September 23, 2009, 2010, and 2011, assuming continued employment.

Fiscal 2009 Option Exercises and Stock Vested

The following table lists the number of shares acquired and the value realized as a result of option exercises by the NEOs in fiscal 2009 and the value of any restricted stock units that vested in fiscal 2009: