


**Healthcare Services Group, Inc.****HCSG NASDAQ****Business Support / Supplies**

Market Capitalization USD:

\$1,072.18 mm**CONCERN LEVEL: LOW**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: Daniel P. McCartney**Age: 60****CEO Since: 1977**

	2009	2010	2011
Base Salary	\$1,005,108	\$1,005,108	\$1,005,108
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$0	\$37,698	\$37,697
Benefits and Perquisites	\$18,705	\$17,805	\$17,805
TOTAL ANNUAL COMPENSATION	\$1,023,813	\$1,060,611	\$1,060,610
Increase in Post-Retirement Benefits	\$37,705	\$0	\$0
Stock Option Awards	\$103,500	\$149,280	\$81,495
Stock Awards	\$0	\$0	\$0
TOTAL COMPENSATION	\$1,165,018	\$1,209,891	\$1,142,105
Median of Other Named Executive Officers Total Compensation	\$336,250	\$424,628	\$725,600
Value Realized on Exercise of Stock Option	\$0	\$0	\$2,869,670
Value Realized on Vesting of Stock	\$0	\$395,747	\$0
TOTAL REALIZED EQUITY COMPENSATION	\$0	\$395,747	\$2,869,670

Proxy Date: 9 Apr 2012

Annual Meeting Date: 29 May 2012

Equity Reserves: 14.71%

Stock Option Run Rate: 0.77%

Healthcare Services Group, Inc.

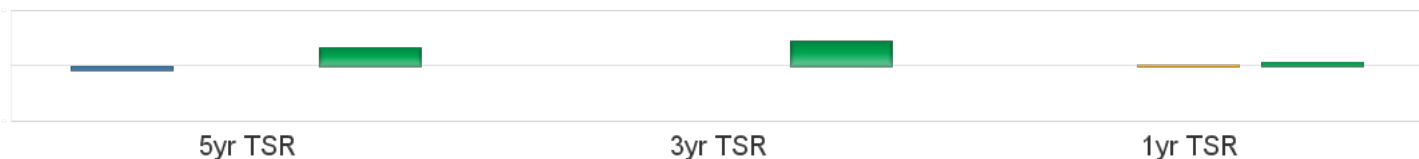
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Performance Comparison

■ S&P500 ■ Industry ■ HCSG



Peer Comparisons (TRBC) =Business Support / Supplies

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
HCSG	Healthcare Services Group, Inc.	\$1,165,018	\$1,209,891	\$1,142,105	\$1,072,180,200
G	Genpact Limited	\$3,248,371	\$6,707,051	\$8,779,079	\$3,190,183,049
RHI	Robert Half International Inc.	\$7,061,886	\$9,615,927	\$9,991,022	\$3,115,743,422
MAN	Manpower Inc.	\$5,358,568	\$8,741,698	\$10,952,171	\$2,754,493,391
ROL	Rollins, Inc.	\$3,049,685	\$3,317,413	\$3,265,780	\$2,748,581,136
AVY	Avery Dennison Corporation	\$8,058,747	\$12,143,665	\$7,272,334	\$2,657,341,643
CXW	Corrections Corporation of America	\$1,649,637	\$3,266,387	\$1,734,793	\$2,431,830,519

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps.

Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

As part of the review of the Company's compensation, the compensation policies of the following companies have been examined: AMN Healthcare Services, Inc., ABM Industries Incorporated, Sodexo, Crothall Services Group, and ARAMARK Corporation.

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Dino D. Ottaviano	Chairman	64	Male	5	Outside
Diane S. Casev	Member	58	Female	1	Outside
Robert J. Moss	Member	74	Male	20	Outside Related