Overview of the Structure of the MD&A

The following management's discussion and analysis ("MD&A") for Redishred Capital Corp. (the "Company" or "Redishred") has been prepared by management and focuses on key statistics from the consolidated financial statements and pertains to known risks and uncertainties. To ensure that the reader is obtaining the best overall perspective, this MD&A should be read in conjunction with material contained in the Company's annual report for 2008 and the consolidated financial statements for the quarters ended March 31, 2009 and 2008 which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). These documents are available on SEDAR at www.sedar.com. The discussions in this MD&A are based on information available as at May 15, 2009.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In particular, certain statements in this document discuss Redishred's anticipated outlook of future events. These statements include, but are not limited to:

(i) the Company's ability to achieve breakeven levels of cash flow, which may be impacted by the number of new franchises awarded, the size of the franchise territories awarded, the growth of the system sales achieved by existing and new franchisees, the economic circumstances in the franchisees local markets and the level of corporate overhead.

(ii) for franchise development or the awarding of franchises, which may be impacted by the economic situation in the United States,

(iii) anticipated acquisition activity, which has been and may continue to be impacted by the current global credit crisis

(iv) the Company's ability to execute its acquisition strategy which has been negatively impacted by the Company's efforts to obtain adequate financing which may continue and which may also be impacted by the availability of acquisition targets on suitable terms,

(iv) anticipated system sales and royalty revenue which may be impacted by industry growth levels, the economic situation in the United States,

(v) commodity paper prices which will vary with market conditions,

(vi) the Company's expectations for reduced overhead which may be impacted by economic conditions facing our franchisees, and

These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation. Additional factors are noted under "Risk Factors" in the Company's filing statement dated February 29, 2008, a copy of which may be obtained on the SEDAR website at www.sedar.com.

Non-GAAP Measures

There are measures included in this MD&A that do not have a standardized meaning under Generally Accepted Accounting Principles (GAAP) and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures as a means of measuring financial performance.

- System sales are revenues generated by franchisees. The system sales generated by franchisees drive the Company's royalty and information technology fee revenues.
- Same store system sales results are indicators of performance of franchisees that have been in the system for equivalent periods in 2009 and 2008.

Company Overview

The Company was incorporated under the *Canada Business Corporations Act* on October 18, 2006. The head office and the registered office of the Corporation as of March 31, 2009 were located at 6790 Century Avenue, Suite 200, Mississauga, Ontario.

On August 21, 2007, the Company received final receipts for a prospectus and became a reporting issuer in the Provinces of Alberta, British Columbia, New Brunswick, Nova Scotia and Ontario. The Company completed its initial public offering to raise gross proceeds of $900,000 on August 29, 2007 and had its common shares listed for trading on the TSX Venture Exchange ("TSXV") as a capital pool company ("CPC") on September 5, 2007, under the symbol KUT.P.

On March 17, 2008 the Company completed a private placement by issuing 9,615,383 common shares with gross proceeds of $5,000,000. Simultaneously, the Company also completed the acquisition of Professional Shredding Corporation ("PSC") at a cost of $3,600,000 in cash and by issuing a further 3,269,231 common shares valued at $1,700,000 to the Vendor (Professional Shredding Partnership). In addition the Company recorded $143,000 in acquisition costs relating to this transaction. This acquisition constituted Redishred's Qualifying Transaction and was approved by the TSXV. As a result, the Company is not considered a capital pool company and is now listed under the symbol KUT.

As a result of the acquisition, the Company assumed the royalty and fee revenue streams from 17 Proshred franchise locations. A franchise is defined as the right, granted by the Company, to operate a Proshred business in a certain geographic area(s). As of March 31, 2009 there were 16 Proshred franchise locations (see below) comprising of 66.5 territories. A territory is defined as a geographic area with 7,000 businesses having 10 or more employees. There were no closures or terminations during the first quarter:

Franchise Locations	Operating since	Territories
ALBANY, NY	April, 2003	1.2
SPRINGFIELD, MA	June, 2003	2.3
MILWAUKEE, WI	August, 2003	2.7
SYRACUSE, NY	March, 2004	2.5
TAMPA BAY, FL	March, 2004	2.1
DENVER, CO	August, 2004	3.8
CHARLOTTE, NC	April, 2006	3.3
PHILADELPHIA, PA	September, 2006	5.0
KANSAS CITY, MO	December, 2006	4.0
NEW HAVEN, CT	April, 2007	3.6
CHICAGO, IL	April, 2007	3.8
RALEIGH, NC	June, 2007	4.7
BALTIMORE, MD *	November, 2007	6.7
NEW YORK, NY **	January, 2008	11.3
MIAMI, FL	June, 2008	5.7
N. VIRGINIA, VA	July, 2008	3.8

** Includes Baltimore and Washington, DC*

*** Includes New York City and Long Island*

In addition to operating the Proshred franchising business (defined as the business of granting and managing Franchises in the United States and internationally outside of Canada, as carried on by the Company), the Company's long-term plan is to grow its business through the acquisition and operation of independent document destruction businesses that generate stable and recurring cash flow through a scheduled client base, continuous paper recycling, and concurrent unscheduled shredding service. These acquisition plans have been delayed as management has not secured the required financing due to the global market volatility, the current credit crisis, and the eroded economic environment in the United States. Management over the past twelve months has identified numerous acquisition targets and has negotiated mutually acceptable terms with a number of these targets. However, the transactions that were under negotiation have been postponed or terminated as financing has not been secured. Given the current economic circumstances, that did not exist at the time of the purchase of Professional Shredding Corporation, management's previously stated goals relating to acquisitions and financing, and financial forecasts which it may have made based upon those acquisition assumptions, including those relating to system sales, number of corporate stores, shredding and recycling revenue, total revenue, direct costs, general and administrative expenses and EBITDA, have been delayed.

Management will continue to monitor the capital markets with a view to capitalizing on acquisition opportunities when equity and credit markets improve. Simultaneously, management will continue its franchising efforts in order to grow the location footprint in the United States, system sales and royalty and fee revenue. The Company will continue to work with its franchisees to assist them in improving their revenues and their operations, with the view to enhancing their sales, margins and profitability. The Company will also rationalize overheads in order to minimize cash outflows during this period.

.

2009 Goals and Objectives	Performance to March 31, 2009	Comments/Revised Goals
Establish between 4 and 6 new franchise locations	No locations established in the first quarter.	The first, second and third quarters are traditionally the strongest quarters to recruit and award new franchises. The Company anticipates awarding at least 4 new franchises this year.
Grow same store system sales by 11% to $9.6M compared to 2008	During the three months ended March 31, 2009, franchisee same store system sales were $2.1M.	System sales are slightly below target based on a simple extrapolation of the first quarter. Past trend analysis shows that the second and third quarters are the strongest quarters for sales growth, and hence the annual target should be achieved.
Reduce general, administrative and marketing costs by 10% versus 2008. Target for these types of costs are $900,000 for the year.	During the three months ended March 31, 2009, general, administrative and marketing costs were $256,000.	During the first quarter the Company expensed $77,500 in one-time costs relating to deposits and legal fees in association with terminated acquisitions. In 2009, the Company has commenced a cost reduction program that should allow the Company to achieve its target.

Selected Financial Data and Results of Operations

Prior to March 17, 2008, the Company was a Capital Pool Company and its operating mandate was to acquire an operating business in the document destruction industry. As a result, the Company's revenues were limited to interest income and its operating expenses were limited to legal and office expenses as well as stock based compensation.

Total Revenues

Total revenues for the 3 months ended March 31, 2009 were $ 225,459.

For the three months ended,	March 31, 2009	March 31, 2008
Franchise territory fees	$ 21,752	$ 1,867
Royalty and service fees	203,707	34,700
	$ 225,459	$ 36,567

The Company derives revenues predominantly from royalties and service fees charged to franchisees, and from franchise fees that are generated when a franchise is awarded. Royalties and fees are all denominated in US dollars, and are translated at the average exchange rate for the period. The Company's revenue breakdown is as follows:

For the three month period ended,	*Canadian $* March 31, 2009	*US $* March 31, 2009
Average exchange rate		1.243
Franchise territory fees	$ 21,752	$ 17,500
Royalty and service fees	203,707	163,886
Total revenue	$ 225,459	$ 181,386

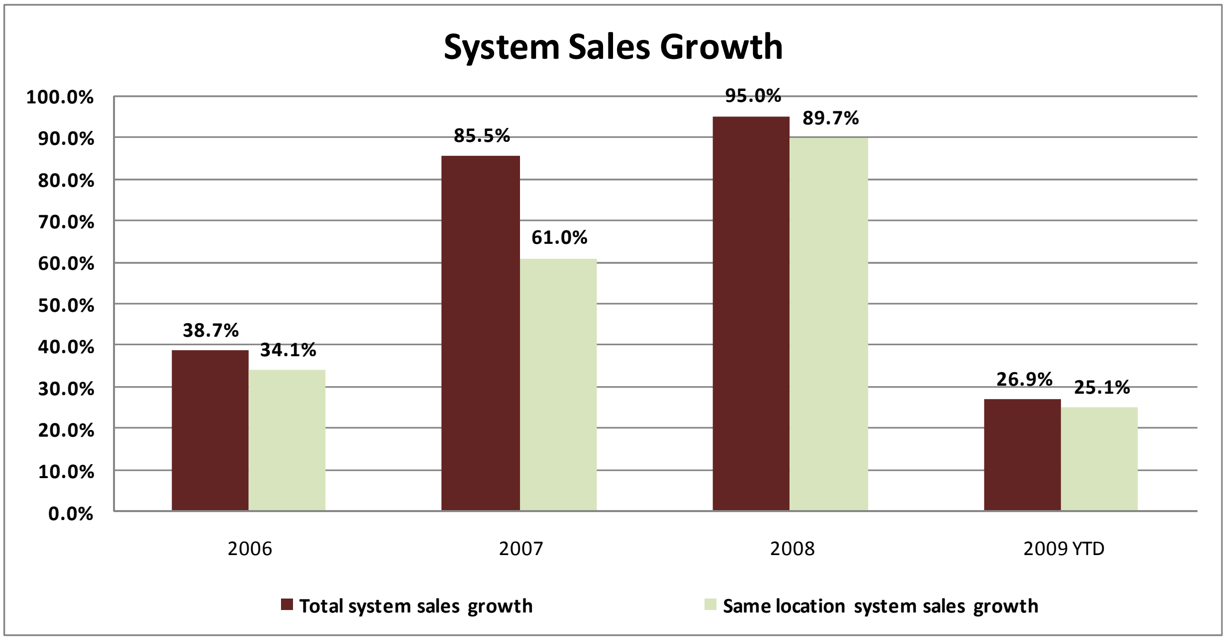
Franchise territory fees include the renewal of one existing franchisee for a new five year term.

Franchisee sales are the key driver of royalty and service fee revenue. Franchisee sales (system sales) during the reported periods are as follows (system sales are reported and denominated in US Dollars):

Three month period ended,	March 31, 2009	March 31, 2008[1]
Total operating locations at period-end	16 *(66.5 territories)*	15 *(55.7 territories)*
Total system sales	$2,184,145 USD	$ 452,936USD
Total system sales	$2,714,892 CDN	$ 452,936CDN

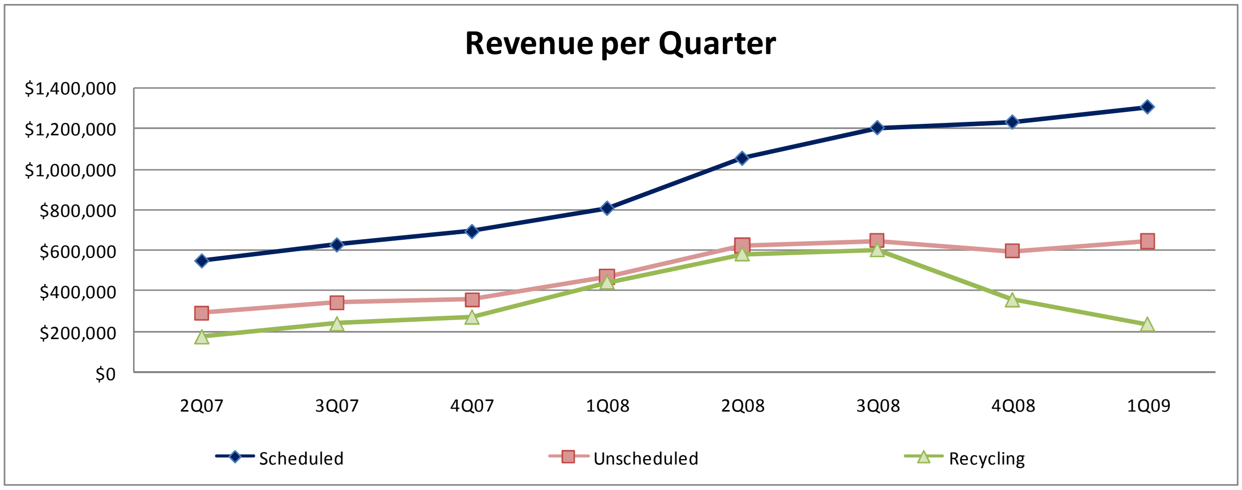
(1) System sales are shredding and destruction services revenue generated by franchised locations in operation from March 17, 2008 to March 31, 2008.

System sales data for prior years has been collected by PSC prior to the qualifying transaction that occurred on March 17, 2008. The following chart demonstrates system sales growth and same location system sales growth since calendar year 2006. The 2009 year-to-date results are for the first quarter and are compared to the same period in 2008.



System Sales Quarter Over Quarter:

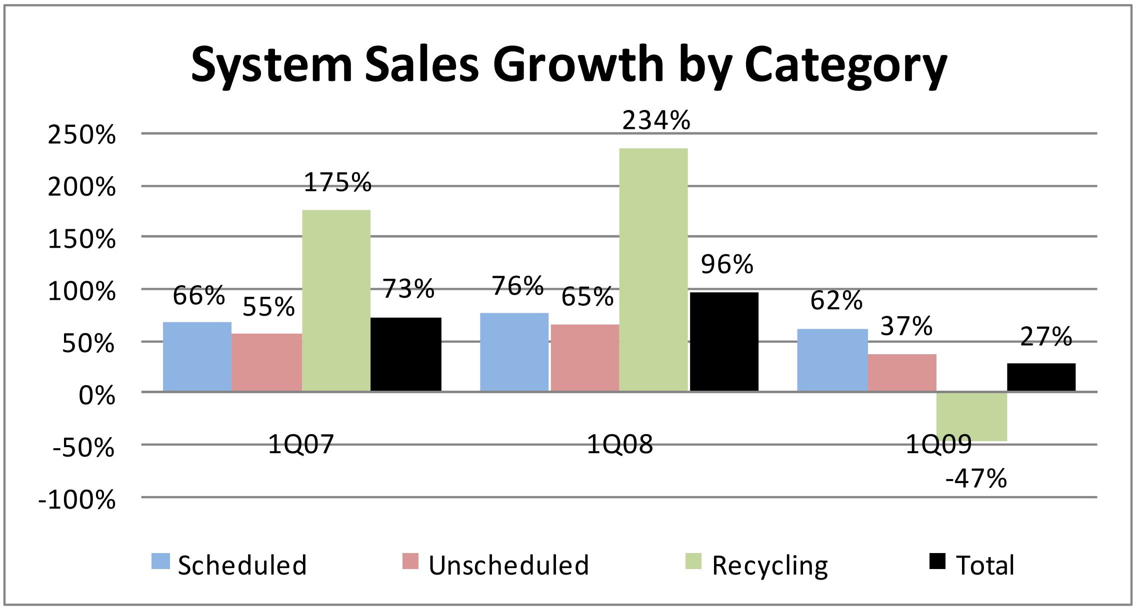
System sales are broken into three categories, scheduled, unscheduled and recycling. Scheduled sales are defined as the revenue generated from customers with regular service that may occur on a weekly, bi-weekly, or monthly basis. Unscheduled sales are defined as the revenue generated from customers who have one-time or seasonal requirements for document destruction. An example of unscheduled sales is when an accounting firm is required to destroy an abundance of confidential working papers and documents after their tax season. Recycling sales are defined as the revenue generated from the shredded paper that is sold to various recycling companies. The following chart shows the last nine quarters of system sales by category. All three categories have seen growth commencing from the first quarter of 2007 to the third quarter of 2008. During the fourth quarter of 2008, paper prices dropped dramatically, causing a decline in recycling sales, this decline was offset by continued growth in scheduled sales. During the first quarter of 2009, system sales continued to see strong growth at 27% over the same period in 2008, with all sales categories growing relative to 2008 other than recycling revenue, which has continued to be impacted by a worldwide decline in pricing.

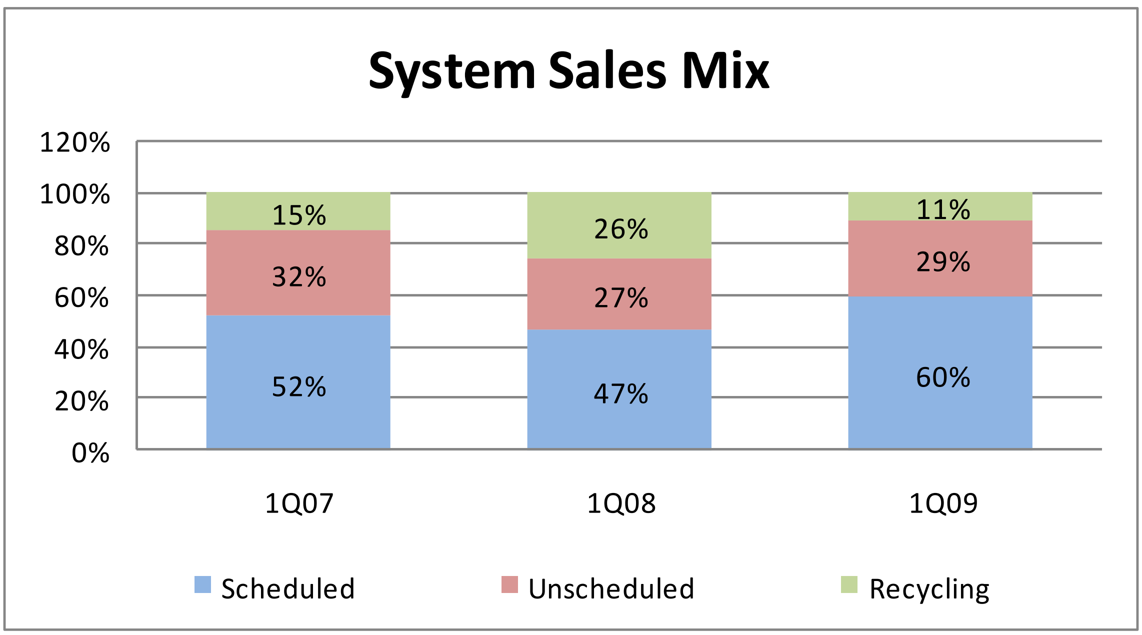


System sales mix analysis

As previously noted, system sales are broken into three categories, scheduled, unscheduled and recycling. In the first quarter of 2009, scheduled sales grew by 62% versus the first quarter of 2008; this is due to continued focus on sales and marketing programs that are aimed at securing recurring service customers. The scheduled sales category has been impacted the least by the poor economy in the United States. Unscheduled sales in the first quarter grew 37% over the previous calendar year as a result of increasing legislation mandating that confidential documents be destroyed on a regular annual cycle. Recycling sales declined by 47% over the previous calendar year as a result of declining prices for this commodity.

The mix of revenue was as follows in the first quarter of 2009, 60% scheduled, 29% unscheduled and 11% recycling. During 2008, paper prices experienced a significant rise and then a significant fall in the fourth quarter. As a result, in 2008 recycling revenue was a larger component of the sales mix than in 2007 or during the first quarter of 2009. The Company views the system sales mix as reflecting a more normalized value of commodity paper prices, and this mix should be similar for the remainder of 2009 as a result.





Operating Expenses

For the three months ended,	March 31, 2009		March 31, 2008	
Salaries	$	260,903	$	35,093
General, administrative and marketing	$	256,347	$	76,043
	$	517,259	$	111,136

Operating expenses for the three months ended March 31, 2009 include expenses to support the franchise network and to develop new markets by way of franchising or acquisition. Also included in operating expenses are ongoing stock exchange listing and regulatory costs, professional services, occupancy costs and management salaries and benefits. For the three months ended March 31, 2009, the Company expensed $30,367 in non-refundable deposits relating to acquisition transactions that were not completed, as well as $47,129 in legal fees relating to the terminated acquisition opportunities.

For the three months ended March 31, 2008, operating costs related to regulatory and professional fees for the CPC, and from March 17, 2008 to March 31, 2008 included the results of the acquired business Professional Shredding Corporation.

Operating loss

The Company posted an operating loss during the three months ended March 31, 2009. The loss occurred as the Company had no new franchisees awarded during the first quarter, and royalty revenues are not yet at breakeven levels. The operating loss for the three months ended March 31, 2009 and 2008 was as follows:

For the three months ended,	March 31, 2009		March 31, 2008	
Operating loss	$	291,792	$	74,568

Foreign currency

Foreign currency gain equated to $65,100. The gain resulted from the translation of a U.S. dollar intercompany receivable between PSC and its American subsidiary Proshred Franchising Corp. Since the U.S. dollar strengthened during the quarter, a foreign exchange gain was recorded when this receivable was re-valued at the quarter-end exchange rate.

Interest income

Interest income is derived from cash savings accounts held by the Company and by way of finance income related to the financing of franchise fees.

For the three months ended,	March 31, 2009	March 31, 2008
Interest income	$ 6,832	$ 10,960

Depreciation and Amortization

Depreciation and amortization during the three months ended March 31, 2009 are attributed to the assets, software, and intangible assets purchased on March 17, 2008 and thereafter. Prior to March 17, 2008 the Company did not own any depreciable assets.

For the three months ended,	March 31, 2009	March 31, 2008
Depreciation and amortization	$ 201,327	$ 66,644

Income Tax

The Company booked on March 17, 2008 a future tax liability relating to the purchase of PSC and PFC. During the three months ended March 31, 2009 the Company booked a future income tax recovery of $23,461 mainly related to the reversal of timing differences related to the future tax liability that was recorded upon the acquisition of PSC. The Company is not currently cash taxable with the exception of its subsidiary located in the United States.

Net Loss

For the three months ended,	March 31, 2009	March 31, 2008
Net loss	$ 397,726	$ 7,768

Summary of Quarterly Results

Prior to March 17, 2008, the Company was a CPC and its operating mandate was to acquire an operating business in the document destruction industry. As a result, the Company's revenues were limited to interest income and its operating expenses were limited to legal and office expenses as well as stock based compensation.

As previously noted, on March 17, 2008 the Company purchased PSC which owned the intellectual property associated with the brand name Proshred and assumed the franchise agreements for 17 franchisees that were operating in the United States. As of March 17, 2008 the Company's new revenue sources included (1) royalties and service fees relating to the use of the systems and brand Proshred and (2) franchise fees relating to the award of new territories to new or existing franchisees.

The Company's royalty revenue and fee stream is not highly seasonal as the shredding services provided by franchisees tend to be recurring in nature. The Company's franchise fee revenue is seasonal, as franchising activity is strongest in the first, second and third quarters.

	2009	2008				2007		
(in CDN except where noted)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	$	$	$	$	$	$	$
System sales *(USD)*	2,184,145	2,182,756	2,451,518	2,257,786	452,936			
Franchise territory fees	21,752	20,716	324,093	31,437	1,867	-	-	-
Royalty and service fees	203,707	196,838	196,467	169,861	34,700	-	-	-
Total revenue	225,459	217,554	520,560	201,298	36,567	-	-	-
Interest income	6,832	10,591	7,344	10,533	10,960	13,509	5,274	-
Operating income (loss)	(291,792)	(668,455)	67,266	(188,169)	(63,609)	(20,753)	(102,781)	(11,795)
Basic and diluted operating income (loss) per share	(.01)	(.03)	.01	(.01)	(.01)	(.00)	(.01)	(.01)
Net income (loss)	(397,726)	(897,251)	(217,742)	(372,857)	(7,768)	(20,753)	(102,781)	(11,795)
Basic and diluted net income (loss) per share	(.02)	(.04)	(.01)	(.02)	(.00)	(.00)	(.01)	(.01)

2009

During the first quarter, system sales and as a result royalty and service fee revenues were identical to the fourth quarter of 2008 in U.S. Dollars. The 3.5% increase in royalty and service fees in Canadian dollars is a result of a weakening Canadian currency in relation to the U.S. dollar. The Company also expensed non-refundable deposits of $30,367 relating to terminated acquisitions.

2008

In the fourth quarter, royalty and service fee revenue decreased slightly in U.S. dollars, versus the third quarter, as system sales in our franchised locations felt the impacts of the current poor economic conditions and the significant decrease in paper prices. Operating costs increased in the fourth quarter driven by increased legal costs relating to acquisition opportunities that were being re-negotiated and/or terminated, and due to the expensing of non-refundable deposits relating to acquisition transactions that were not completed. In the fourth quarter the Company wrote down its goodwill balance to nil, expensing $300,386.

During the third quarter, the Company awarded 8.8 franchise territories to existing franchisees in the New York and Washington, DC markets and renewed one existing franchise agreement.

During the first quarter, the Company purchased PSC (on March 17, 2008) and had 14 days of operations to account for.

Prior to 2008 the Company was a CPC with no operations.

Balance Sheet

		March 31, 2009		March 31, 2008
Working capital	$	1,283,496	$	1,583,499
Total assets	$	7,557,609	$	8,095,233
Total liabilities	$	1,180,008	$	1,390,638

Financial Condition / Capital Resources

As of March 31, 2009, the Company has working capital of $1,283,496.

On March 17, 2008, the Company completed a private placement by issuing 9,615,383 common shares with gross proceeds of $5,000,002. Simultaneously, the Company also completed the acquisition of PSC as a cost of $3,600,000 in cash and by issuing a further 3,269,231 common shares valued at $1,700,000 to the Vendor.

The Company has not achieved breakeven levels of royalty and fee revenue from its franchise system. The Company will continue to award new franchise locations, and it is estimated that it will be necessary to award 10 new franchise locations over the next 24 months in order to achieve a breakeven level of cash flows from its franchise business.

The Company will continue to identify and evaluate other shredding businesses or related assets with a view to acquiring such businesses or assets that are accretive to the cash flows of the Company. In order to complete these acquisitions, the Company will be required to seek additional financing. The Company will also evaluate other potential partnership opportunities aimed at increasing location footprint and system sales.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Significant Accounting Policies

Please refer to the 2008 Audited Financial Statements for a full listing of all accounting policies. The following outline recent changes in accounting policies and future changes in accounting policies which may have an impact on the Company's future disclosures.

Changes in accounting policies and new accounting pronouncements

Effective January 1, 2009, the Company has adopted the following sections of the Canadian Institute of Chartered Accountants (CICA) Handbook:

Section 3064 - Goodwill and Intangible Assets

This Section replaces Section 3062 - Goodwill and Other Intangible Assets; and Section 3450 - Research and Development Costs. This new Section establishes standards for the recognition, measurement and disclosure of goodwill and other intangible assets. This new standard is effective for the Company's interim and annual financial statements commencing January 1, 2009. The adoption of this section did not have an impact on the Company's financial results.

EIC-173, Credit Risk and the Fair value of Financial Assets and Financial Liabilities

On January 20, 2009 the Emerging Issues Committee ("EIC") issued a new abstract EIC 173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. This abstract is to apply to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract did not impact the Company's financial statements.

Recent accounting pronouncements issued and not yet adopted

Business Combinations

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new section apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections

International financial reporting standards (IFRS)

The Canadian Accounting Standards Board recently ratified a strategic plan that will see Canadian generally accepted accounting principles (GAAP) converged with, and replaced by, International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Further, the Company anticipates a significant increase in disclosures resulting from the adoption of IFRS and is continuing to assess the level of disclosures required and any necessary system changes to gather and process information.

Transactions with Related Parties

Included in accounts receivable at March 31, 2009, is $22,918 (December 31, 2008 - $1,831) due from a franchise indirectly owned by a director of the Company. During the quarter, the Company earned royalty and service fees amounting to $14,544 (December 31, 2008 - $12,892) from a franchisee indirectly owned by a director of the Company.

Included in general, administrative and marketing expense are insurance premiums amounting to $6,000 (December 31, 2008 - $14,679) paid to a Company owned by a director of the Company.

All related party transactions have been recorded at their exchange amounts.

Risks and Uncertainties

Please refer to the 2008 Management Discussion and Analysis for a listing of all risks and uncertainties. There have been no material changes relating to the Company's risks and uncertainties since December 31, 2008, the Company's fiscal year end.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Share Data

The Company's authorized share capital is unlimited common shares without par value. As at March 31, 2008 and as at the date hereof, there were 22,884,614 issued and outstanding common shares.

On March 17, 2008, the Corporation issued options to acquire 380,000 common shares of the Corporation at a price of $0.52 per share. The 380,000 options will expire March 17, 2013 and vest 25% per year commencing on March 17, 2009. In addition, on March 17, 2008, the Corporation issued options to acquire 335,849 common shares of the Corporation at a price of $0.52 per share. The 335,849 options will expire March 17, 2010 and were fully vested upon granting.

On May 26, 2008, the Corporation issued options to acquire 10,000 common shares of the Corporation at a price of $0.52 per share. The 10,000 options will expire May 26, 2013 and vest 25% per year commencing on May 26, 2009.

On August 21, 2008, the Corporation issued options to acquire 80,000 common shares of the Corporation at a price of $0.52 per share. The 80,000 options will expire August 21, 2013 and vest 25% per year commencing on August 21, 2009.

No options were exercised or forfeited during the year.

As of May 15, 2009, the Corporation had outstanding 22,884,614 common shares, and 2,050,849 options to acquire common shares.