COINMACH SERVICE CORP
Form S-1
November 17, 2005

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As filed with the Securities and Exchange Commission on November 16, 2005

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Coinmach Service Corp.
(Exact name of registrant as specified in its charter)

Delaware	**7215**	**20-0809839**
(State or other jurisdiction of incorporation or organization)	*(Primary standard industrial classification code number)*	*(I.R.S. Employer Identification No.)* *(Additional Registrants next page)*

303 Sunnyside Blvd.
Suite 70
Plainview, New York 11803
(516) 349-8555
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Robert M. Doyle
Coinmach Service Corp.
303 Sunnyside Blvd.
Suite 70
Plainview, New York 11803
(516) 349-8555
(Name, address, including zip code, and telephone number, including area code, of agent for service)
Copies to:

Ronald S. Brody, Esq.	**William M. Hartnett, Esq.**
Mayer, Brown, Rowe & Maw LLP	**Cahill Gordon & Reindel llp**
1675 Broadway	**80 Pine Street**
New York, New York 10019	**New York, New York 10005**
(212) 506-2500	**(212) 701-3000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement. If the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same off $104,998 $48,344 $52,008
Loss on extinguishment of debt(i)
(11,402)

Interest expense	16,685	52,461	73,036	58,167	57,377	58,572	28,625	30,646
Interest expense escrow interest			941					

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	Three Months April 1, 2000 to June 30, 2000 Pre-Going Private Transaction	Nine Months July 1, 2000 to March 31, 2001 Post-Going Private Transaction	Fiscal Year Ended March 31,				Six Months Ended	
			2002	2003	2004	2005	September 30, 2004	September 30, 2005
Gain (loss) on sale of investment and equipment			147	3,532	1,232	557	54	(27)
Loss on redemption of Coinmach Corp. 9% notes						(14,770)		
Stock based compensation	(118)	(1,125)	(530)	(338)	(176)	(74)	(37)	(12)
Change in operating assets and liabilities	7,874	(1,161)	18,100	(3,693)	2,513	(5,206)	2,776	(2,314)
Deferred taxes	1,873	8,478	4,247	16	3,753	10,166	1,956	2,149
Amortization of debt discount and deferred issue costs	(454)	(1,052)	(2,008)	(2,439)	(2,414)	(2,326)	(1,207)	(1,063)
Amortization of premium on $11^3/4$% Senior Notes	309	925	1,009					
(Benefit) provision for income taxes	(1,329)	(8,620)	(5,833)	381	(3,648)	(10,166)	(1,921)	(2,149)
EBITDA(5)	$42,154	$117,920	$154,565	$159,526	$155,689	$142,692	$78,590	$79,238

(i) Loss on extinguishment of debt for the fiscal year ended March 31, 2002 consists of costs incurred in connection with Coinmach Corp. s refinancing on January 25, 2002.

(6) The computation of EBITDA for the 2005 Fiscal Year has not been adjusted to take into account transaction costs aggregating approximately $17.4 million in connection with the IDS Transactions consisting of (a) approximately $11.3 million of redemption premium on the portion of the Coinmach Corp. 9% notes redeemed, (b) the write-off of deferred financing costs relating to the redemption of the Coinmach Corp. 9% notes and the term loans repaid aggregating approximately $3.5 million, (c) expenses relating to the Coinmach Corp. credit facility amendment aggregating approximately $1.8 million, and (d) special bonuses to senior management related to the IDS

Transactions aggregating approximately $0.8 million. The computation of EBITDA for the 2002 Fiscal Year has not been adjusted to take into account transaction costs consisting of costs incurred in connection with Coinmach Corp. s refinancing on January 25, 2002.

(7) EBITDA margin represents EBITDA as a percentage of revenues. Management believes that EBITDA margin is a useful measure to evaluate our performance over various sales levels. EBITDA margin should not be considered as an alternative for measurements determined in accordance with U.S. generally accepted accounting principles.

(8) Operating margin represents operating income as a percentage of revenues.

(9) Capital expenditures represent amounts expended for property, equipment and leasehold improvements, as well as for advance location payments to location owners. Acquisition capital expenditures represent the amounts expended to acquire local, regional and multiregional route operators.

(10) Includes the results of operations for the period July 1, 2000 to March 31, 2001, representing the results subsequent to the Going Private Transaction.

(11) As a result of the Going Private Transaction that was accounted for using the purchase method of accounting, and due to a practice known as push down accounting, as of July 1, 2000 (the beginning of the accounting period closest to the date on which control was effective), Coinmach

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Corp. adjusted its consolidated assets and liabilities to their estimated fair values, based on valuations, estimations and other studies. Therefore, the financial statements presented for the Post-Going Private Transaction period are not comparable to the financial statements presented for the Pre-Going Private Transaction period. Had the Going Private Transaction taken place at April 1, 2000, on an unaudited pro-forma basis, depreciation and amortization and net loss would have been $3.5 million higher than reported for the Pre-Transaction period ended June 30, 2000. This includes the results of operations for the period April 1, 2000 to June 30, 2000, representing the results prior to the Going Private Transaction. For more information regarding the Going Private Transaction, please see Business General Development of Business.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis pertains to the results of operations and financial position of Coinmach Service Corp. for the years and the periods indicated and should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this prospectus. Except for the historical information contained herein, certain matters discussed in this document are forward-looking statements based on the beliefs of our management and are subject to certain risks and uncertainties, including the risks and uncertainties discussed below, and the other risks set forth in Risk Factors and Special Note Regarding Forward-Looking Statements. Should any of these risks or uncertainties materialize or should underlying assumptions prove incorrect, our future performance and actual results of operations may differ materially from those expected or intended.

Introduction

Our primary financial objective is to increase our cash flow from operations. Cash flow from operations represents a source of funds available to service indebtedness, pay dividends and for investment in both organic growth and growth through acquisitions. We have experienced net losses during the past three fiscal years. Such net losses were attributable in part to significant non-cash charges associated with our acquisitions and the related amortization of contract rights accounted for under the purchase method of accounting. We incur significant depreciation and amortization expense relating to annual capital expenditures, which also reduces our net income. The continued incurrence of significant depreciation and amortization expenses may cause us to continue to incur net losses.

Overview

We are principally engaged in the business of supplying laundry equipment services to multi-family housing properties. Our most significant revenue source is our route business, which over the last three fiscal years has accounted for approximately 88% of our revenue. Through our route operations, we provide laundry equipment services to locations by leasing laundry rooms from building owners and property management companies, typically on a long-term, renewable basis. In return for the exclusive right to provide these services, most of our contracts provide for commission payments to the location owners. Commission expense (also referred to as rent expense), our single largest expense item, is included in laundry operating expenses and represents payments to location owners. Commissions may be fixed amounts or percentages of revenues and are generally paid monthly. In addition to commission payments, many of our leases require us to make advance location payments to location owners, which are capitalized and amortized over the life of the applicable leases. Advance location payments to location owners are paid, as required by the applicable lease, at the inception or renewal of a lease for the right to operate applicable laundry rooms during the contract period, which generally ranges from 5 to 10 years. The amount of advance location payments varies depending on the size of the location and the term of the lease.

Included in our route business are retail laundromats which we operate in Texas and Arizona. The operation of retail laundromats involves leasing store locations in desirable geographic areas, maintaining an appropriate mix of washers and dryers at each store location and servicing the washers and dryers at such locations.

In addition to our route business, we also operate an equipment rental business through AWA. AWA leases laundry equipment and other household appliances and electronic items to property owners, managers of multi-family housing properties, and, to a lesser extent, individuals and corporate entities.

We also operate an equipment distribution business through Super Laundry. Super Laundry s business consists of constructing and designing complete turnkey retail laundromats, retrofitting existing retail laundromats, distributing exclusive lines of commercial coin and non-coin operated machines and parts, and selling service contracts.

Laundry operating expenses include, in addition to commission payments, (i) the cost of machine maintenance and revenue collection in the route and retail laundromat business, including payroll, parts, insurance and other related expenses, (ii) costs and expenses incurred in maintaining our retail laundromats, including utilities and related expenses, (iii) the cost of sales associated with the equipment distribution business and (iv) certain expenses related to the operation of our rental business.

Critical Accounting Policies: Use of Estimates

Our financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. We believe that the following are some of the more critical judgment areas in the application of our accounting policies that currently affect our financial condition and results of operations.

Revenue and cash and cash equivalents include an estimate of cash and coin not yet collected at the end of a reporting period, which remain at laundry room locations. We calculate the estimated amount of cash and coin not yet collected at the end of a reporting period, which remain at laundry room locations by multiplying the average daily collection amount applicable to the location with the number of days the location had not been collected. We analytically review the estimated amount of cash and coin not yet collected at the end of a reporting period by comparing such amount with collections subsequent to the reporting period.

We are required to estimate the collectibility of our receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including the current credit-worthiness of each customer. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Allowance for doubtful accounts at September 30, 2005 was approximately $4.1 million.

We currently have significant deferred tax assets, which are subject to periodic recoverability assessments. Realization of our deferred tax assets is principally dependent upon our achievement of projected future taxable income. Management s judgments regarding future profitability may change due to future market conditions and other factors. These changes, if any, may require possible material adjustments to these deferred tax asset balances.

We have significant costs in excess of net assets acquired (goodwill), contract rights and long-lived assets. Goodwill is tested for impairment on an annual basis. Additionally, goodwill is tested between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We have determined that our reporting units with goodwill consist of our route business, AWA and Super Laundry. Goodwill attributed to the route business, AWA and Super Laundry at September 30, 2005 and 2004 was approximately $195.0 million, $6.8 million and $2.9 million, respectively. In performing the annual goodwill assessment, the fair value of the reporting unit is compared to its net asset-carrying amount, including goodwill. If the fair value exceeds the carrying amount, then it is determined that goodwill is not impaired. Should the carrying amount exceed the fair value, the second step in the impairment test would be required to be performed to determine the amount of goodwill write-off. The fair value for these tests is based upon a discounted cash flow model. Factors that generally impact cash flows include commission rates paid to property owners, occupancy rates at properties, sensitivity to price increases, loss of existing machine base and the prevailing general economic and market conditions. An annual assessment of goodwill as of January 1, 2005 was performed and it was determined that no impairment exists.

Contract rights represent amounts expended for location contracts arising from the acquisition of laundry machines on location. These amounts arose solely from purchase price allocations pursuant to acquisitions made by us over a number of years based on an analysis of future cash flows. We do not record contract rights relating to new locations signed in the ordinary course of business. We estimate that approximately 90% of our contracts are long-term whereby the average term is approximately 8 years with staggered maturities. Of the remaining locations not subject to long-term agreements, we believe that we have retained a majority of such customers through long-standing relationships and continue to service such customers. Although the contracts have a legal life, there are other factors such as renewals, customer relationships and extensions that contribute to a value greater than the initial contract term. Over 90% of our contracts renew automatically and we have a right of first refusal upon termination in approximately 60% of our contracts. The automatic renewal clause typically provides that, if the property owner fails to take any action prior to the end of the lease term or any renewal term, the lease will automatically renew on substantially similar terms. In addition, over 85% of our contracts allow for unilateral price increases. Historically, we have demonstrated an ability to renew contracts, retain our customers and build upon those relationships. Since April 1997, we have posted net machine gains, exclusive of acquisitions, and our losses have averaged approximately 3% annually. Therefore, we believe that the cash flows from these contracts continue to be generated beyond the initial legal contract term and subsequent renewal periods. As a result, we believe that the useful lives of contract rights are related to the expected cash flows that are associated with those rights and the amortization periods for contract rights should generally reflect those useful lives and, by extension, the cash flow streams associated with them. The useful lives being used to amortize contract rights range from approximately 30 to 35 years.

We have twenty-eight geographic regions to which contract rights have been allocated, which regions represent the lowest level of identifiable cash flows in grouping contract rights. Each region consists of approximately 1,000 to 8,000 contracts for the various locations properties that comprise that region. We do not analyze impairment of contract rights on a contract-by-contract basis. Although we have contracts at every location/property and analyze revenue and certain direct costs on a contract-by-contract basis, we do not allocate common region costs and servicing costs to each contract.

We assess the recoverability of location contract rights and long-lived assets on a region-by-region basis. We evaluate the financial performance/cash flows for each region. This evaluation includes analytically comparing the financial results/cash flows and certain statistical performance measures for each region to prior period/year actuals and budgeted amounts. Factors that generally impact cash flows include commission rates paid to property owners, occupancy rates at properties, sensitivity to price increases and the regions general economic conditions. In addition, each year we lose a certain amount of our existing machine base, which essentially equates to loss of contract rights. Such loss has historically averaged approximately 3% annually. The accelerated amortization of contract rights is designed to capture and expense this shrinking machine base. An increase in the historical loss rate would also be a strong indicator of possible impairment of location contract rights and long-lived assets. If based on our initial evaluation there are indicators of impairment that result in losses to the machine base, or an event occurs that would indicate that the carrying amounts may not be recoverable, we reevaluate the carrying value of contract rights and long-lived assets based on future undiscounted cash flows attributed to that region and record an impairment loss based on discounted cash flows if the carrying amount of the contract rights are not recoverable from undiscounted cash flows. Based on present operations and strategic plans, we believe that there have not been any indicators of impairment of location contract rights or long-lived assets.

Accounting Treatment for IDSs

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If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Secur0; margin-right: 0; margin-bottom: 0; color: #000000; background: #ffffff;"> A portion of the aggregate IDSs outstanding represents 11% notes recorded as long-term debt. We have concluded that it is appropriate to annually deduct interest expense on the 11% notes from taxable income for U.S. federal and state and local income tax purposes. There can be no assurances that the IRS will not seek to challenge the treatment of these notes as debt or the amount of interest expense deducted, although to date we have not been notified that the 11% notes should be treated as equity rather than debt for U.S. federal and state and local income tax purposes. If the 11% notes would be required to be treated as equity for income tax purposes, the cumulative interest expense totaling approximately $11.0 million, through September 30, 2005, would not be deductible from taxable income, and we would be required to recognize additional tax expense and establish a related income tax liability. The additional tax due to federal, state and local authorities would be based on our taxable income or loss for each of the respective years that we take the interest expense deduction. We have not and do not currently intend to record a liability for a potential disallowance of this interest expense deduction.

Based on U.S. generally accepted accounting principles, the proceeds of the IDS offering and the proceeds from the offering of the separate 11% notes were allocated to the shares of Class A common stock and the underlying 11% notes and the separate 11% notes based on their respective relative fair values. The initial public offering price for the IDSs was equivalent to the fair value of $7.50 per share of Class A common stock and $6.14 in principal amount of an 11% note underlying the IDS and the fair value of the separate 11% notes was equivalent to their face value.
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Shares of Class A common stock, par value $0.01 per share	$115,000,000	$13,536

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes securities subject to the underwriters overallotment option.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement will thereafter become effective in accordance with Section 8(a) of the Securities : #ffffff;"> In addition, we have concluded that there are no embedded derivative features in the IDSs or within the Class B common stock which requires separate accounting. The make-whole redemption provision allows us to redeem all or a portion of the 11% notes prior to the date that is 60 months after November 24, 2004, the closing date of the IPO, at a redemption price that could result in a premium, therefore resulting in an embedded derivative requiring bifurcation. However, the terms of the embedded derivative permit us to redeem the 11% notes at an amount that will always exceed the fair value of the 11% notes. As a result, this option will always be out of the money, and, therefore, the value ascribed to the embedded derivative is minimal. Accordingly, we have initially recorded it at a value of zero. The optional redemption provision at scheduled prices allows us to redeem all or part of the 11% notes at scheduled premium prices. Although the 11% notes are redeemable at a premium, further analysis under SFAS 133 has led us to conclude that the option is clearly and closely related to the economic characteristics of the 11% notes and should not be bifurcated. The tax redemption provision allows us to redeem all of the 11% notes at par if the interest on the 11% notes is not tax deductible. As a result of the redemption price being at par and the 11% notes initially recorded without a substantial premium or discount, we have concluded that this option is clearly and closely related to the economic characteristics of the 11% notes and should not be bifurcated. The change of control put option allows the 11% note holders to put the 11% notes to us at a price equal to 101% of par. Although the 11% notes are callable at a premium, further analysis under SFAS 133 has led us to conclude that the option is clearly and closely related to the economic characteristics of the 11% notes and should not be bifurcated, principally because such premium does not cause the investor to double the initial contractual rate of return.

The entire proceeds of the IPO were allocated to the Class A common stock and 11% notes underlying IDSs and the separate 11% notes, and the allocation of the IDS portion of such proceeds to the Class A common stock and the 11% notes did not result in a substantial premium or discount. Upon subsequent issuances of 11% notes or IDSs, we will evaluate whether there is a substantial discount or premium. We expect that if there is a substantial discount or premium upon a subsequent issuance of notes, certain redemption features of the 11% notes may be considered not clearly and closely related, and we would separately account for these features as embedded derivates. If the embedded derivates are required to be bifurcated, we will (a) value the derivative, (b) record such value as a reduction of the 11% notes (discount) with a corresponding derivative liability, (c) accrete the discount on the 11% notes up to their par value using the effective interest method with a corresponding charge to interest expense, and (d) revalue the derivative liability quarterly with the difference (increase or decrease) recorded to interest expense.

The Class A common stock portion of each IDS issued in the IPO and the Class B common stock are included in stockholders Act of 1933, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion
Preliminary Prospectus dated November 16, 2005

PROSPECTUS

Shares of Class A Common Stock
Coinmach Service Corp.

We are selling shares of our Class A common stock in this offering.

We expect the public offering price to be between $ and $ per share. We have applied to have our shares of Class A common stock listed on the under the trading symbol .

Our Income Deposit Securities (IDSs) are separately listed for trading on the American Stock Exchange under the trading symbol DRY. Each IDS consists of one share of Class A common stock and an 11% senior secured note due 2024. As of November 15, 2005, 18,911,532 shares of Class A common stock were outstanding, all of which were issued as part of IDSs. The IDSs may be separated into shares of Class A common stock and 11% notes at any time. On November , the last reported sales price of our IDSs on the American Stock Exchange was $.

Investing in the Class A common stock involves risks which are described in the Risk Factors section beginning on page 17 of this prospectus.

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Results of Operations

The following table sets forth for the periods indicated, selected statement of operations data and EBITDA, as percentages of revenue:

	Year Ended March 31,		
	2005	2004	2003
Revenues	100.0%	100.0%	100.0%
Laundry operating expenses	68.3	68.9	68.5
General and administrative expenses	1.8	1.8	1.8
Depreciation and amortization	14.2	13.6	

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Coinmach Service Corp.		

Amortization of advance location payments	3.6	3.9	4.0
Amortization of intangibles	2.7	2.9	3.0
Other items, net	0.2		(0.1)
Operating income	9.2	8.9	10.3
Interest expense	10.9	10.8	10.9
Interest expense preferred stock	3.4	4.7	
Interest expense escrow interest	0.2		
Transaction costs	3.2		
Net loss(1)	(6.6)	(5.9)	(0.6)
EBITDA margin	26.5	29.3	29.8

(1) For the 2005 Fiscal Year, net loss includes approximately $18.2 million of preferred stock dividend recorded as interest expense. For the 2004 Fiscal Year, net loss includes approximately $24.7 million of preferred stock dividend recorded as interest expense. As required by SFAS No. 150, for fiscal years ending prior to March 31, 2004, accrued and unpaid dividends have not been reclassified to interest expense. Preferred stock dividends for the 2003 Fiscal Year were approximately $20.8 million.

We have experienced net losses in each fiscal year since March 31, 2001. Such net losses are attributable in part to significant non-cash charges associated with our acquisitions and the related amortization of contract rights (for all fiscal years) and goodwill (only through the 2002 fiscal year) accounted for under the purchase method of accounting. We incur significant depreciation and amortization expense relating to annual capital expenditures, which also reduces our net income. The continued incurrence of significant depreciation and amortization expenses may cause us to continue incurring a net loss.

EBITDA represents earnings from continuing operations before deductions for interest, income taxes and depreciation and amortization. Management believes that EBITDA is useful as a means to evaluate our ability to service existing debt, to sustain potential future increases in debt and to satisfy capital requirements. EBITDA is also used by management as a measure of evaluating the performance of our three operating segments. Management further believes that EBITDA is useful to investors as a measure of comparative operating performance as it is less susceptible to variances in actual performance resulting from depreciation, amortization and other non-cash charges and more reflective of changes in pricing decisions, cost controls and other factors that affect operating performance. Management uses EBITDA to develop compensation plans, to measure sales force performance and to allocate capital assets. Additionally, because we have historically provided EBITDA to investors, we believe that presenting this non-GAAP financial measure provides consistency in financial reporting. Our use of EBITDA, however, is not intended to represent cash flows for the period, nor has it been presented as an alternative to either (a) operating income (as determined by GAAP) as an indicator of operating performance or (b) cash flows from operating, investing and financing activities (as determined by GAAP) as a measure of liquidity. Given that EBITDA is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, EBITDA may not be comparable to other similarly titled measures of other companies. See footnote (5) of the table contained under Selected Consolidated Historical Financial Data for a reconciliation of net loss and cash flow provided by operating activities to EBITDA for the periods indicated in the table immediately above.

EBITDA margin represents EBITDA as a percentage of revenues. Management believes that EBITDA margin is a useful measure to evaluate our performance over various sales levels. EBITDA margin should not be considered as an alternative to measurements determined in accordance with U.S. generally accepted accounting principles.

Six Months Ended September 30, 2005 Compared to the Six Months Ended September 30, 2004.

The following table sets forth our revenues for the periods indicated (in millions of dollars):

	Six Months Ended September 30,		
	2005	**2004**	**Change**
Route	$ 236.5	$ 234.2	$ 2.3
Rental	17.5	16.9	0.6
Distribution	12.1	15.3	(3.2)
	$ 266.1	$ 266.4	$ (0.3)

Revenue decreased by approximately $0.3 million, or less than 1% for the six-month period ended September 30, 2005, as compared to the prior year s corresponding period.

Route revenue for the six months ended September 30, 2005 increased by approximately $2.3 million, or less than 1%, as compared to the prior year s corresponding period. We believe that the increase was primarily due to the net result of an increase in third party service income and price increases.

Rental revenue for the six months ended September 30, 2005 increased by approximately $0.6 million, or 4%, as compared to the prior year s corresponding period. This increase was primarily the result of the continuing internal growth of the machine base in existing areas of operations during the current year.

Distribution revenue for the six months ended September 30, 2005 decreased by approximately $3.2 million, or 21%, as compared to the prior year s corresponding period. The decrease was primarily due to decreased equipment sales. Sales from the distribution business unit are sensitive to general market conditions and economic conditions.

Laundry operating expenses, exclusive of depreciation and amortization, decreased by approximately $1.6 million, or less than 1%, for the six-month period ended September 30, 2005, as compared to the prior year s corresponding period. As a percentage of revenues, laundry operating expenses were 68% for the six-month period ended September 30, 2005 and 69% for the six-month period ended September 30, 2004. The decrease was due primarily to a decrease in cost of sales of approximately $2.8 million due to decreased sales in the distribution business, offset primarily by an increase in fuel costs of approximately $0.7 million primarily due to overall increases in fuel prices and other miscellaneous operating costs and expenses that are not material.

General and administrative expenses increased by approximately $0.8 million for the six-month period ended September 30, 2005, as compared to the prior year s corresponding period. The increase in general and administrative expenses was primarily due to incremental public company administrative fees and expenses including but not limited to incremental director and officer liability insurance, additional directors fees, investor and public relations expenses, and other miscellaneous costs and additional expenses associated with being a public company, including some non-recurring costs associated with the initial implementation of Sarbanes Oxley 404 compliance. As a percentage of revenues, general and administrative expenses were approximately 2.1% for the six-month period ended September 30, 2005, as compared to approximately 1.8% for the six-month period ended September 30, 2004.

Depreciation and amortization expense decreased by approximately $0.2 million, or less than 1%, for the six-month period ended September 30, 2005, as compared to the prior year s corresponding period. The decrease in depreciation and amortization expense was primarily due to a reduction in depreciation expense relating to reduced capital expenditures over the past few years.

Amortization of advance location payments decreased by approximately $0.7 million, or 7%, for the six-month period ended September 30, 2005, as compared to the prior year s corresponding period. The decrease was primarily due to the reduction in the amount of advance location payments made in the prior years.

Amortization of intangibles decreased by approximately $0.3 million, or 4%, for the six-month period ended September 30, 2005, as compared to the prior year s corresponding period. The decrease was primarily the result of amortization expense being recorded on an accelerated basis.

Other items for the six-month period ended September 30, 2005 of approximately $0.3 million was primarily due to a write down of the asset value by approximately $0.2 million, relating to the sale of one of the laundromats on October 19, 2005. Such laundromat is classified as Assets held for Sale at September 30, 2005.

Operating income margins were approximately 9.5% for the six-month period ended September 30, 2005, as compared to approximately 8.8% for the prior year s corresponding period. The increase in operating income margin was primarily due to a reduction in laundry operating expense and depreciation and amortization expense.

Interest expense increased by approximately $2.0 million, or 7%, for the six-month period ended September 30, 2005 as compared to the prior year s corresponding period. As part of the IDS Transactions, we redeemed $125.5 million aggregate principal amount of the Coinmach Corp. 9% notes and approximately $15.5 million of outstanding term loans under the Coinmach Corp. credit facility. In the IPO, we issued approximately $136.1 million of 11% notes. In addition, there has been an increase in variable interest rates payable under the Coinmach Corp. credit facility resulting from a market increase in interest rates. This was offset by a decrease in interest expense resulting from the interest rate swap agreements totaling $150 million entered into by Coinmach Corp. in September 2002 that are at a slightly lower fixed interest rate as compared to the variable interest rates.

Interest expense-non cash preferred stock dividends were approximately $13.4 million for the six-months ended September 30, 2004. A portion of the net proceeds from the IPO was used to redeem approximately $91.8 million of Laundry Corp. s outstanding Class A preferred stock and approximately $7.4 million of Laundry Corp. s outstanding Class B preferred stock.

The benefit for income taxes for the six-month period ended September 30, 2005 was approximately $2.1 million as compared to a benefit for income taxes of approximately $1.9 million for the prior year s corresponding period. The change is primarily due to a decrease in operating loss. The effective tax rate for the six-month period ended September 30, 2005 was approximately 40% as compared to 10% for the prior year s corresponding period. The increase in the effective tax rate is primarily due to the non cash interest expense on the preferred stock recorded in the prior year that did not occur in the current year.

Net loss was approximately $3.3 million for the six-month period ended September 30, 2005, as compared to net loss of approximately $16.7 million for the prior year s corresponding period. The change is primarily due to interest expense-non cash preferred stock dividends incurred for the six months ended September 30, 2004 which were not applicable in the six-month period ended September 30, 2005, as the preferred stock was either repaid or converted into equity in connection with the IDS Transactions. Such net losses are attributable in part to significant non cash charges associated with our acquisitions and the related amortization of contract rights accounted for under the purchase method of accounting. We incur

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significant depreciation and amortization expense relating to annual capital expenditures, which also reduces our net income.

The following table sets forth EBITDA for each of our route, rental and distribution segments for the periods indicated (in millions of dollars):

	Six Months Ended September 30,
	$

The underwriters named in this prospectus may purchase up to additional shares of Class A common stock from us at the public offering price less the underwriting discount within 30 days from the date of this prospectus to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters are offering the shares of Class A common stock as set forth under Underwriting. The shares of Class A common stock will be ready for delivery on or about , 2006.

The date of this prospectus is , 2006.

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	2005	2004	Change
Route	$ 77.5	$ 97	

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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SUMMARY

This summary highlights certain information appearing elsewhere in this prospectus and should be read together with the more detailed information and financial statements and data contained elsewhere in this prospectus. Coinmach Service Corp., a Delaware corporation, is the issuer of the shares of Class A common stock, and unless otherwise specified or the context otherwise requires, the terms the Company, we, our and us refer to Coinmach Service Corp. and its subsidiaries.

Our Company

We believe we are the leading provider of outsourced laundry equipment services for multi-family housing properties in North America, based on information provided by the Multi-Housing Laundry Association, a national trade association of multi-housing laundry operators and suppliers. Our core business (which we refer to as the route business) involves leasing laundry rooms from building owners and property management companies, installing and servicing laundry equipment, collecting revenues generated from laundry machines and operating retail laundromats. For the twelve months ended September 30, 2005, our route business represented approximately 88% of our total revenue.

Our long-term contracts with our customers provide us with stable, recurring revenues and consistent cash flows. We estimate that approximately 90% of our locations are subject to long-term contracts with initial terms of five to ten years, most of which have automatic renewal or right of first refusal provisions. In each year since 1997, we have retained on average approximately 97% of our existing machine base.

The existing customer base for our route business is comprised of owners of rental apartment buildings, property management companies, condominiums and cooperatives, universities and other multi-family housing properties. We typically set pricing for the use of laundry machines on location, and the owner or property manager maintains the premises and provides utilities such as natural gas, electricity and water. Our size and scale offer significant advantages over our competitors in terms of operating efficiencies and the quality of service we provide our customers.

We have grown our route business through selective acquisitions in order to expand and geographically diversify our service territories. Since January 1995, we have enhanced our national presence by completing nine significant acquisitions (as well as numerous smaller acquisitions that we refer to as tuck ins). As a result of the growth in our washer and dryer machine base, our revenue has increased from approximately $178.8 million for the twelve months ended March 29, 1996 to approximately $538.6 million for the fiscal year ended March 31, 2005. We believe this makes us the industry s leading provider, with approximately 19% of the total installed machine base in North America. As a result of this strategy, we have expanded our presence from the northeastern United States to throughout North America.

We have experienced net losses in each fiscal year since 2000, and as of September 30, 2005, we had an accumulated deficit of approximately $213.8 million and total stockholders equity of approximately $98.1 million. As of September 30, 2005, we had approximately $698.3 million in total debt.

In addition to our route business, we rent laundry machines and other household appliances to property owners, managers of multi-family housing properties, individuals and corporate entities through our subsidiary Appliance Warehouse of America, Inc., which we refer to as AWA. AWA is a Delaware corporation that is jointly owned by us and Coinmach Corporation, a Delaware corporation which we refer to as Coinmach Corp. Coinmach Corp. is in turn a wholly-owned subsidiary of our direct wholly-owned subsidiary Coinmach Laundry Corporation, a Delaware corporation which we refer to as Laundry Corp. We also operate a laundry equipment distribution business through Super Laundry Equipment Corp., a Delaware corporation and our indirect wholly-owned subsidiary which we refer to as Super Laundry. For a chart reflecting our capital structure, see The IDS Offering and Related Transactions below.

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We believe that our route business represents the industry-leading platform from which to continue the consolidation of the fragmented outsourced laundry equipment industry, as well as potentially develop and offer complementary services to other collections based route businesses such as independent payphone operators and parking meters. We intend to grow the route operation, as well as utilize our substantial sales, service, collections and security infrastructure throughout the United States to offer related services to businesses outside our existing laundry business. We also intend to continue to evaluate our investment opportunities in AWA and manage Super Laundry and the retail laundromats to improve operating efficiencies, as well as realize cost efficiencies between these businesses and our route operations.

76.7 $0.8

Rental
7.2 6.6 0.6
Distribution
0.4 0.5 (0.1)
Other items, net
(0.3) (0.5) 0.2
Corporate expenses
(5.6) (4.7) (0.9)
Total EBITDA
$79.2 $78.6 $0.6

EBITDA was approximately $79.2 million for the six months ended September 30, 2005, as compared to approximately $78.6 million for the six months ended September 30, 2004. EBITDA margin was approximately 29.8% for the six months ended September 30, 2005, as compared to 29.5% for the prior year s corresponding period. The increase in EBITDA and EBITDA margin is primarily attributable to an increase in revenue in the route and rental businesses and a decrease in laundry operating expenses slightly offset by an increase in general and administrative expenses. See footnote 5 of the table contained under Selected Consolidated Financial Data for a reconciliation of net loss and cash flow provided by operating activities to EBITDA for the periods indicated in the table immediately above.

Fiscal Year Ended March 31, 2005 Compared to the Fiscal Year Ended March 31, 2004

The following table sets forth our revenues for the years indicated (dollars in millions):

	Year Ended March 31,		
	2005	**2004**	**Change**
Route	$ 472.5	$ 469.6	$ 2.9
Rental	34.4	32.6	1.8
Distribution	31.7	28.9	2.8
	$ 538.6	$ 531.1	$ 7.5

Revenue increased by approximately $7.5 million or approximately 1% for the 2005 Fiscal Year, as compared to the 2004 Fiscal Year.

Route revenue for the 2005 Fiscal Year increased by approximately $2.9 million or less than 1% from the 2004 Fiscal Year. We believe that the increase was due to the net result of an increase in third party service income and price increases, offset by decreased revenue primarily in the Southwest and Midwest operations caused by higher vacancy rates in these regions.

Rental revenue for the 2005 Fiscal Year increased by approximately $1.8 million or 6% over the 2004 Fiscal Year. This increase was primarily the result of internal growth of the machine base in existing areas of operations during the current and prior years.

Distribution revenue for the 2005 Fiscal Year increased by approximately $2.8 million or 10% from the 2004 Fiscal Year. Sales from the distribution business unit are sensitive to general market conditions and economic conditions. The increase was primarily due to increased sales from the Northeast and Midwest operations offset slightly by decreased revenue resulting from the closing of operations in California. Distribution revenue from our California operations was approximately $1.8 million and $3.0 million for the 2005 Fiscal Year and the 2004 Fiscal Year, respectively.

Laundry operating expenses, exclusive of depreciation and amortization, increased by approximately $2.3 million or less than 1% for the 2005 Fiscal Year, as compared to the 2004 Fiscal Year. This increase in laundry operating expenses was due primarily to (i) increased cost of sales of approximately $3.1 million due to increased sales in the Northeast and Midwest operations in the distribution business, as discussed above, (ii) an increase in salary expense of approximately $1.5 million in the route business associated with collection services and (iii) an increase in fuel costs of approximately $1.1 million primarily due to increased fuel prices. These increases in laundry operating expenses were offset by (i) a reduction in operating expenses as a result of the closing of California operations in the distribution business of approximately $2.6 million and (ii) decreased insurance costs related to general business insurance coverage of approximately $0.8 million. As a percentage of revenues, laundry operating expenses, exclusive of depreciation and amortization, were approximately 68.3% for the 2005 Fiscal Year, as compared to 68.9% for the 2004 Fiscal Year.

General and administrative expenses increased by approximately $0.2 million or 2% for the 2005 Fiscal Year, as compared to the 2004 Fiscal Year. The increase in general and administrative expenses was primarily due to incremental public company administrative fees and expenses including but not limited to incremental director and officer liability insurance, additional directors fees, investor and public relations expenses, and other miscellaneous costs and expenses relating to compliance with applicable securities laws. As a percentage of revenues, general and administrative expenses were approximately 1.8% for both the 2005 Fiscal Year and the 2004 Fiscal Year.

Depreciation and amortization expense increased by approximately $3.9 million or 5% for the 2005 Fiscal Year, as compared to the 2004 Fiscal Year. The increase in depreciation and amortizat: 0; margin-bottom: 0; color: #000000; background: #ffffff;"> **Our Competitive Strengths**

Market Leadership Position. This makes us the industry s leading provider, with 19% of the total installed machine base in North America. Our two largest competitors each represent less than 10% of such total installed machine base, and the remainder is highly fragmented. We believe that our national reputation for superior service, the structure of our contracts and the strength of our long-term customer relationships have allowed us to retain a large portion of our location leases and installed machine base over the years.

Recurring Revenues and Stable Operating Cash Flows. We derived 88% of our revenues for the twelve months ended September 30, 2005, from our route business, primarily under long-term contracts with property management companies, owners of rental apartment buildings, condominiums and cooperatives, universities and other multi-family housing properties. Our recurring revenue base, stable capital expenditure requirements and minimal working capital requirements allow us to maintain predictable and consistent operating cash flows.

Diversified Customer Base. No one customer accounts for more than 2% of our total revenues, with our ten largest customers representing less than 10% of our total revenues in the aggregate. As a result, the loss of any existing customer would not have a material impact on our revenues or cash flows. In addition, our contract expirations are staggered, further mitigating the impact of any individual contract renewal or loss.

Regional Operations with National Leadership. Our operating structure allows us to operate in a decentralized manner while at the same time maintaining centralized policies and controls. This structure enables regional offices to provide tailored support to local customers, while benefiting from a central corporate structure capable of providing advanced computer systems and management support. In addition, our structure allows regional managers to adapt operations and financial decision making criteria to the unique cost structures attributable to each region. Each regional manager s compensation is linked to the financial performance of their region.

Significant Economies of Scale. We are able to leverage our infrastructure, including our sales, service, collections, security and corporate overhead, over a larger installed machine base than our competitors. Furthermore, we believe that we are able to purchase machines at a lower cost and on more favorable terms than those available to smaller industry participants. As a result of our size, scale and financial resources, we believe that we can offer more attractive lease terms (including advance locations payments, new equipment and capital improvements) than those offered by our competitors, while still meeting our cash fltion expense was primarily due to depreciation expense relating to capital expenditures required by historical increases in our installed base of machines.

Amortization of advance location payments decreased by approximately $1.0 million or 5% for the 2005 Fiscal Year, as compared to the 2004 Fiscal Year. The decrease was primarily due to the reduction in the amount of advance location payments made in the prior years.

Amortization of intangibles decreased by approximately $1.0 million or 7% for the 2005 Fiscal Year, as compared to the 2004 Fiscal Year. The decrease was primarily the result of the reduction of intangibles related to prior year acquisitions.

Other items, net, for the 2005 Fiscal Year of approximately $0.9 million primarily relates to additional expenses associated with the closing of California operations in the distribution business. Other items, net, for the 2004 Fiscal Year of approximately $0.2 million primarily relates to certain costs associated with the consolidation of certain offices in the distribution business. This consolidation was the result of actions taken by Coinmach Corp. to reduce operating costs at Super Laundry including, among other things, the closing of distribution operations in Southern California, the reassignment of responsibilities among Super Laundry s remaining management team and the write-off of inventory due to obsolescence. Offsetting these costs were additional income recognized related to the sale, as described below, of approximately $1.7 million.

In October 2002, Laundry Corp. contributed its ownership interest in Resident Data, Inc. (which we refer to as RDI), valued at approximately $2.7 million, to Coinmach Corp. Subsequently, Coinmach Corp. sold its interest in RDI pursuant to an agreement and plan of merger beow and return on investment criteria.

Advanced Management Information Systems. We believe that we have the most advanced management information systems in our industry. Our integrated computer systems provide real time operational and competitive data that, in conjunction with our multi-regional service capabilities, enhance our efficiencies throughout our operating regions and enable us to deliver superior customer service. These integrated computer systems also provide us the flexibility to integrate acquisitions on a timely basis, including key functions such as sales, service, collections and security. We also believe that these computer systems will allow us to pursue opportunities outside of our route business.

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Secure System for Revenue Collection. We believe that we provide the highest level of security for revenue collection control in the outsourced laundry equipment services industry. We utilize numerous precautionary procedures with respect to cash collection, including frequent alteration of collection patterns and extensive monitoring of collections and personnel. Security personnel monitor locations, conduct investigations and implement additional security procedures as necessary. Additionally, our security department performs trend and variance analyses of daily collections by location.

Experienced Senior Management Team. We have a strong and experienced management team at the corporate and operating levels. Our senior management on average has been involved in the laundry equipment service industry and has been affiliated with us and our predecessors for over 20 years. We believe the skill and experience of our management team continue to provide significant benefits to us as we evaluate opportunities to enhance and expand tween RDI and third parties for cash proceeds of approximately $6.6 million before estimated expenses directly related to such sale, resulting in a gain of approximately $3.3 million which was recorded in the 2003 Fiscal Year (which sale we refer to as the RDI sale). In connection with the RDI sale, and in addition to the cash proceeds received therefrom, Coinmach Corp. and the other sellers are entitled to their pro rata share (as determined by each seller s previous ownership percentage of RDI) of (i) $5.0 million placed in escrow by the purchaser, subject to, among other things, the satisfaction of certain working capital adjustments and customary indemnification obligations (which is referred to as the escrow fund), and (ii) approximately $1.8 million, subject to the continued employment by RDI of certain members of its management (which is referred to as the contingent fund). The portion of such amounts to be paid to Coinmach Corp. was

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based on its previous ownership percentage of RDI, which was approximately 32%, and was scheduled to be paid in two installments in October 2003 and October 2004.

Amounts to be received from the escrow fund and the contingent fund were recorded as income upon the determination by Coinmach Corp. that it was likely to receive such amounts and such amounts were reasonably estimated. Despite its best determinations, however, there was no assurance that Coinmach Corp. would receive such amounts. In October 2003, Coinmach Corp. received approximately $0.7 million related to its share of the escrow fund and approximately $0.3 million related to its share of the contingent fund. Based on the receipt of this first installment and other positive indicators, Coinmach Corp. determined that the uncertainty surrounding the collectability of its portion of the escrow fund due in October 2004 of approximately $0.7 million no longer existed. Accordingly, Coinmach Corp. recorded income of approximately $1.7 million for the 2004 Fiscal Year.

our business.

Our Strategy

Our business strategy is to maintain and enhance our market leadership position as the leading supplier of outsourced laundry equipment services for multi-family housing properties in North America. Our growth strategy is to increase cash flow from operations and profitability through a combination of organic and external growth, through which we expect to achieve additional economies of scale. We also intend to enter segments of our industry that complement our stable route business.

Organic Growth. The principal factors contributing to our organic growth include:

New Customers and Locations. Our sales and marketing efforts focus on adding new customers as well as increasing the number of locations from our existing customers. We add new customers by marketing our products and services to building managers and property owners whose leases with other laundry equipment services providers are near expiration or who currently manage their own laundry facilities. According to information provided by the Multi-housing Laundry Association, there are approximately 1.1 million machines installed in locations that continue to be managed by owner-operators. Building owners or managers can eliminate cash outlays and equipment servicing costs by contracting with us to purchase, service and maintain laundry equipment. We offer a full range of services from the design, construction and installation of new laundry equipment facilities to the refurbishment of existing facilities which we believe provides us a competitive advantage in securing new customers.

Transaction costs for the 2005 Fiscal Year of approximately $17.4 million represents (1) approximately $11.3 million redemption premium on the portion of Coinmach Corp. 9% notes due 2010 redeemed, (2) the write-off of the deferred financing costs relating to the Coinmach Corp. 9% notes redeemed and term loans repaid aggregating approximately $3.5 million, (3) expenses relating to the Coinmach Corp. credit facility amendment aggregating approximately $2.0 million, and (4) special bonuses related to the IDS Transactions aggregating approximately $0.6 million.

Interest expense increased by approximately $1.2 million or 2% for the 2005 Fiscal Year, as compared to the 2004 Fiscal Year. Following consummation of the IPO in November 2004, a portion of the net proceeds thereof was used to redeem $125.5 million aggregate principal amount of the Coinmach Corp. 9% notes and approximately $15.5 million of outstanding term loans under the Coinmach Corp. credit facility. As a consequence of the IPO, we issued approximately $116.1 million of 11% notes underlying IDSs and $20.0 million of additional 11% notes not underlying IDSs. In addition, there has been an increase in variable interest rates payable under the Coinmach Corp. credit facility resulting from a market increase in interest rates.

Interest expense-non cash preferred stock dividends decreased by approximately $6.5 million or 26% for the 2005 Fiscal Year, as compared to the 2004 Fiscal Year. As a result of the IPO in November 2004, a portion of the net proceeds thereof was used to redeem approximately $91.8 million of Laundry Corp. s outstanding Class A preferred stock and approximately $7.4 million of Laundry Corp. s outstanding Class B preferred stock. In addition, in connection with the IDS Transactions, Holdings exchanged Laundry Corp. capital stock owned by it and all of the outstanding shares of common stock of AWA to CSC for 24,980,445 shares of Class B common stock, representing all of the outstanding Class B common stock. Pursuant to the IDS Transactions, we became controlled by Holdings.

Interest expense-escrow interest for the 2005 Fiscal Year of approximately $0.9 million relates to interest expense on the portion of the Coinmach Corp. 9% notes that were redeemed on December 24, 2004. A portion of the net proceeds from the IPO was used to redeem Coinmach Corp. 9% notes in an aggregate principal amount of $125.5 million.

Operating Efficiencies. We focus on improving our net contribution per machine by increasing operating efficiencies. Each additional location added to our existing base provides us the ability to further leverage our well-developed operating infrastructure and positions us to achieve higher returns on our established base. *Price Changes.* We actively monitor our installed base to identify those locations in which to implement price changes. Pricing strategy is established at the corporate level, and implemented by the regional managers, at their discretion, as local competition and other factors unique to a local region are analyzed in determining the efficacy of price changes. Since our regional managers compensation is linked to the financial performance of their region, they are provided certain latitude to implement pricing changes and other operational policies to maximize the revenues and operating cash flow of their local business. *Disciplined Approach to Capital Expenditures.* Whether a new contract or an acquisition, we are focused on the ability to generate the revenues and operating cash flow to validate any capital investment decision. As such, every new contract, renewal and/or acquisition undergoes a comprehensive financial analysis to ensure that our return criteria are met. *Continued Development of Integrated Computer Systems.* While we believe that we have the most advanced management information systems in the industry, we are constantly working with our vendors to upgrade our integrated computer systems, given the rapid changes in technology. To that end, we initiated a comprehensive program through which we will improve communications among our regions and maximize cost savings, including programs related to field service management sales force automation, and business intelligence. We invested approximately $2.7 million in this program in the fiscal year ended March 31, 2005 and approximately $2.5 million in the six months ended September 30, 2005, with an additional $2.0 million budgeted for the remainder of the current fiscal year. We believe that the results of this investment program will result in improved financial performance through increased operational efficiency, quicker response time and reduced costs.

Expansion of Rental Opportunities. We believe that AWA is well-positioned for growth in both new and existing markets. As a result, we will continue to evaluate our investment opportunities in AWA, including in laundry equipment, computer systems, and regional offices to improve customer service and reduce operating costs.

External Growth. The principal factors contributing to our external growth include:

Growth Through Disciplined Acquisitions. While the number of significant acquisition opportunities has diminished, due in part to our successful execution of our acquisition strategy, we have focused our efforts over the past several years on selectively acquiring smaller routes within our fragmented industry. We believe that there are numerous private, family-owned businesses that often lack the financial resources to compete effectively with larger independent operators such as us to secure new or existing contracts. Consequently, such independent operators, especially those that are undergoing generational ownership changes, continue to represent potential acquisition opportunities. Determination of attractive acquisition targets is based on many factors, including the size of the business in terms of cash flow and ongoing machine base, existing contract terms and potential operating efficiencies and cost savings.

Develop Complementary Lines of Business. We believe that our leading market position and our access to over six million individual housing units provide us with additional growth and diversification opportunities both within and beyond our existing laundry business. We believe that our ex margin-bottom: 0; color: #000000; background: #ffffff;"> The benefit for income taxes for the 2005 Fiscal Year was approximately $10.2 million as compared to a benefit for income taxes of approximately $3.6 million for the 2004 Fiscal Year. The change for the year is due to a tax benefit of approximately $6.0 million related to IDS transaction costs, and a state tax benefit net of Federal taxes of approximately $0.9 million, offset by tax expense of approximately $0.9 million related to an increase in operating income. The effective tax rate for the 2005 Fiscal Year was approximately 22% as compared to approximately 10% for the 2004 Fiscal Year.

Net loss was approximately $35.3 million for the 2005 Fiscal Year, as compared to net loss of approximately $31.3 million for the 2004 Fiscal Year. The increase in net loss was primarily the result of

<u>Table of Contents</u> The IDS Offering and Related Transactions On November 24, 2004, we completed an initial public offering of 18,911,532 IDSs (including a partial overallotment exercise by the underwriters) and a concurrent offering of $20.0 million aggregate principal amount of 11% senior secured notes due 2024 sold separate and apart from the IDSs (collectively, the IPO). Each IDS consists of one share of Class A common stock and an 11% senior secured note due 2024 in a principal amount of $6.14. See Description of IDSs for a further discussion of the IDSs. The 11% senior secured notes issued as part of IDSs and the identical 11% senior secured notes sold separately from the IDSs are referred to collectively as the 11% notes. In connection with the IPO, we completed a series of corporate reorganizations and other transactions which, together with the IPO, we refer to as the IDS Transactions. As a result of the IDS

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Transactions, AWA became our wholly-owned indirect subsidiary and Laundry Corp. and its subsidiaries (including Coinmach Corp.) became our subsidiaries. In addition, Coinmach Holdings, LLC, a Delaware limited liability company which we refer to as Holdings, became our controlling stockholder through its consolidated ownership of all of our Class B common stock. The Class B common stock is entitled to more votes per share than our Class A common stock. See Description of Capital Stock Common Stock Voting Rights for a further discussion of voting rights of the Class B common stock.

The net IPO proceeds were used to make a loan to Coinmach Corp. in order to enable it to redeem and repay a portion of its indebtedness, and to redeem a portion of the equity interests held by certain equity holders of Holdings. See Management s Discussion and Analysis of Financial Condition Liquidity and Capital Resources Financing Activities The IDS Offering and Certain Relationships and Related Party Transactions Transactions with Holdings and Equity Investors and Management Investors The IDS Transactions.

Recent Developments

Coinmach Corp. intends to refinance its senior secured credit facility with a new credit facility expected to consist of a $75 million revolving credit facility and a $570 million term loan facility. The new credit facility is expected to be used to refinance approximately $230 million of term debt under the existing Coinmach Corp. credit facility, with the balance of approximately $340 million used to retire all of the outstanding Coinmach Corp. 9% notes. Deutsche Bank Securities Inc. and J.P. Morgan Securities Inc. are expected to be joint lead arrangers in the refinancing.

The following chart reflects our existing capital structure:

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Equity Investors of Holdings

The equity investors of Holdings include GTCR-CLC, LLC, which we refer to as GTCR and which holds approximately 64% of Holdings outstanding equity interests, as well as certain other investors (which, along with GTCR, we refer to as the equity investors). The Holdings equity investors also include certain members of our management, which we refer to as the management investors and which together hold approximately 14% of Holdings outstanding equity interests. Upon completion of this offering, Holdings will maintain control of approximately % of our total voting power, and GTCR and the management investors, through Holdings, will continue to exert substantial control over matters submitted to our stockholders for approval. As of November 16, 2005, GTCR also controls an additional approximately 3% of our voting power through the ownership of 2,199,413 IDSs that were purchased in the IPO by certain GTCR affiliates. See Risk Factors Risks Relating to the Offering Voting control of us by Holdings may create conflicts of interest and Description of Capital Stock.

For more information with respect to the equity investors, the management investors and our relationship with Holdings, please see Security Ownership of Certain Beneficial Owners and Management, and Certain Relationships and Related Party Transactions Transactions with Holdings and Equity Investors and Management Investors.

Our Corporate Information

We were incorporated in December 2003 as a Delaware corporation and do not have any direct operations. As the sole stockholder of Laundry Corp., we have full ownership and control of Laundry Corp. and its direct and indirect subsidiaries, including Coinmach Corp. and Super Laundry. We own 100% of the non-voting common stock of AWA, and Coinmach Corp. owns 100% of the voting preferred stock of AWA. We indirectly have full ownership and control of AWA.

Our principal office is located at 303 Sunnyside Boulevard, Suite 70, Plainview, New York 11803. Our telephone number is (516) 349-8555. We also maintain an executive office in Charlotte, North Carolina. We maintain a website at www.coinmachservicecorp.com where general information about our business is available. The information contained in our website is not part of this prospectus.

Summary of the Offering and Our Common Stock

Unless otherwise stated or the context otherwise requires, references to the outstanding number of shares of Class A common stock assume the underwriters overallotment option is not exercised. See Description of Capital Stock for a more detailed discussion of our common stock.

IDS transaction costs, net of taxes, as discussed above. We have experienced net losses in each fiscal year since March 31, 2000. Such net losses are attributable in part to significant non cash charges associated with our acquisitions and the related amortization of contract rights accounted for under the purchase method of accounting. We incur significant depreciation and amortization expense relating to annual capital expenditures, which also reduces our net income.

The following table sets forth EBITDA for each of the route, distribution and rental divisions for the years indicated (dollars in millions):

	Year Ended March 31,		
	2005	**2004**	**Change**
Route	$ 155.4	$ 154.4	$ 1.0
Rental	13.8	12.2	1.6
Distribution	1.4	(1.2)	2.6
Other items, net	(0.8)	(0.2)	(0.6)
Corporate expenses	(9.7)	(9.5)	(0.2)
Transaction costs	(17.4)		(17.4)
Total EBITDA(1)	$ 142.7	$ 155.7	$ (13.0)

Issuer	Coinmach Service Corp.
Common stock to be outstanding immediately following this offering:	
Class A common stock issued in this offering	shares, or shares assuming the underwriters overallotment option is exercised in full.
Class A common stock issued as part of IDSs	18,911,532 shares.
Class B common stock	24,980,445 shares, all of which are owned by Holdings.
Class A common stock market symbol	
Use of Proceeds	We expect to use the net proceeds of this offering for working capital and other general corporate purposes, which may include potential acquisitions and repurchases of outstanding indebtedness. See Use of Proceeds.
Voting rights	Following this offering, holders of Class A common stock will control approximately % of our total voting power. Holdings, 6pt;

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(1) The computation of EBITDA for the 2005 Fiscal Year has not been adjusted to take into account IDS transaction costs aggregating approximately $17.4 million consisting of (a) approximately $11.3 million of redemption premium on the portion of the Coinmach Corp. 9% notes redeemed in connection with the IDS Transactions, (b) the write-off of deferred financing costs relating to the Coinmach Corp. 9% notes redeemed and term loans repaid in connection with the IDS Transactions aggregating approximately $3.5 million, (c) expenses relating to the Coinmach Corp. credit facility amendment aggregating approximately $2.0 million and (d) special bonuses related to the IDS Transactions aggregating approximately $0.6 million.

EBITDA was approximately $142.7 million for the 2005 Fiscal Year, as compared to approximately $155.7 million for the 2004 Fiscal Year. EBITDA margins declined to approximately 26.5% for the 2005 Fiscal Year, as compared to approximately 29.3% for the 2004 Fiscal Year. The decrease in EBITDA and EBITDA margin is primarily attributable to certain transaction costs of approximately $17.4 million relating to the IDS Transactions. See footnote 5 of the table contained under Selected Consolidated Financial Data for a reconciliation of net loss and cash flow provided by operating activities to EBITDA for the years indicated in the table immediately above.

Fiscal Year Ended March 31, 2004 Compared to the which owns all of our Class B common stock, will control approximately % of our total voting power and will own approximately % of our total outstanding shares of common stock.

As to any matter for which a vote of CSC stockholders is required, the holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to two votes per share. However, if at any time (i) Holdings, (ii) Holdings unitholders and immediate family (as such term is defined in

Rule 16a-1 under the Securities Exchange Act of 1934, as amended, or the Exchange Act) members of a Holdings unitholder, and (iii) their respective affiliates (as such term is defined in Rule 12b-2 under the Exchange Act) (collectively, the Permitted Transferees) collectively own less than 25% in the aggregate of our then outstanding shares of Class A common stock and Class B common stock (subject to certain antidilution and other similar adjustments), then at such time and at all times thereafter, all holders of Class B common stock will only be entitled to one vote per share on all

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matters for which a vote of CSC stockholders is required.

Unless otherwise required by applicable Delaware law, holders of Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for a vote, including the election of directors to our board of directors, except as described below.

Only Class A common stockholders may vote, as a single class, to amend provisions of our certificate of incorporation in a manner that adversely affects the dividend or voting rights which are exclusive to the Class A common stock and does not adversely affect the voting, dividend or redemption rights of the Class B common stock.

Only holders of Class B common stock may vote, as a single class, to amend provisions of our certificate of incorporation relating to a change (i) in the number of authorized shares of Class B common stock or (ii) that affects the voting, dividend or redemption rights which are exclusive to the Class B common stock and does not adversely affect the dividend or voting rights of the Class A common stock.

Dividends:

Dividend rights generally

Our dividend policy contemplates the declaration and payment of quarterly cash dividends of approximately $0.20615 per share on shares of Class A common stock on March 1, June 1, September 1 and December 1 of each year to holders of record on the preceding February 25, May 25, August 25 and November 25, covering the completed fiscal quarter that immediately precedes such payment date. Subject to the limitations and exceptions described below, our dividend policy contemplates annual dividends on our Class B common stock. Payment of dividends on all classes of our common stock is not cumulative.

See Divided Policy and Restrictions and Risk Factors for a further description of our dividend policy and restrictions on and risks related to our ability to pay dividends.

Periods ending on or prior to March 31 Fiscal Year Ended March 31, 2003

The following table sets forth our revenues for the years indicated (dollars in millions):

	Year Ended March 31,		
	2004	2003	Change
Route	$ 469.6	$ 471.5	$ (1.9)
Rental	32.6	28.7	3.9
Distribution	28.9	35.0	(6.1)

Under our certificate of incorporation, the rights of holders of shares of Class B common stock to receive cash dividends for any period ending on or prior to March 31, 2007 are subordinated to the rights of holders of shares of Class A common stock to receive cash dividends with respect to the same period.

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Fiscal quarter ending March 31, 2005 and fiscal year ending March 31, 2006	We will pay on June 1, 2006 cash dividends on each share of Class B common stock for the fiscal quarter ending March 31, 2005 and the fiscal year ending March 31, 2006 equal to the cash dividends paid or to be paid contemporaneously on each share of Class A common stock for such fiscal quarter and fiscal year, respectively, up to an aggregate amount not exceeding $2.5 million and $10.0 million, respectively, so long as cash dividends for such fiscal quarter and fiscal year have been or will contemporaneously be paid to holders of shares of Class A common stock in an aggregate amount at least equal to the dividend rate set forth in our dividend policy.
Fiscal year ending March 31, 2007	We will pay on June 1, 2007 cash dividends on each share of Class B common stock for the fiscal year ending March 31, 2007 equal to the cash dividends paid or to be paid contemporaneously on each share of Class A common stock for such fiscal year up to an aggregate amount not exceeding $10.0 million, so long as cash dividends for such fiscal year have been or will contemporaneously be paid to holders of shares of Class A common stock in an aggregate amount at least equal to the dividend rate set forth in our dividend policy.
Fiscal years ending after March 31, 2007	The rights of holders of shares of Class B common stock to receive cash dividends with respect to the fiscal years ending March 31, 2008 and March 31, 2009 are, under the conditions described below, subordinated to the rights of holders of shares of Class A common stock to receive cash dividends. In no event will the subordination requirements apply with respect to any fiscal year thereafter. However, subject to the limitations described below, shares of Class B common stock are not entitled to receive dividends for any such fiscal year unless dividends are also declared and paid on shares of Class A common stock for such fiscal year.
	If we pay cash dividends on our Class A common stock with respect to any fiscal year ending after March 31, 2007, we will pay on June 1 immediately following such fiscal year cash dividends on each share of Class B common stock for such fiscal year equal to the cash dividends paid or to be contemporaneously paid on each share of Class A common stock for such fiscal year, provided that if the Subordination Termination Conditions (as defined below) are not met for such fiscal year, no such dividends may be paid on our Class B common stock with respect to such fiscal year unless (i) cash dividends for such fiscal year have been or will contemporaneously be

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paid to holders of shares of Class A common stock in an aggregate amount at least equal to the dividend rate set forth in our dividend policy and (ii) the aggregate amount of cash dividends paid on all the outstanding shares of Class B common stock for such fiscal year does not exceed $10.0 million.

The Subordination Termination Conditions are only applicable to the fiscal years ending March 31, 2008 and March 31, 2009, and will not be satisfied with respect to such fiscal year if either (i) our consolidated EBITDA (generally defined as earnings from continuing operations before deductions for interest, income taxes and depreciation and amortization) for such fiscal year was less than $165.0 million or (ii) the ratio of (x) our consolidated indebtedness on the last day of such fiscal year minus the amount, as of such day, of cash and cash equivalents held by us and our consolidated subsidiaries in excess of $25.0 million to (y) our consolidated EBITDA for such fiscal year was greater than 4.5 to 1.0, provided that if the Subordination Termination Conditions are satisfied with respect to the fiscal year ending March 31, 2008, then the Subordination Termination Conditions shall be deemed to have been satisfied for the fiscal year ending MarD>

$	531.1	$ 535.2	$ (4.1)

Revenue decreased by approximately $4.1 million or less than 1% for the 2004 Fiscal Year as compared to the 2003 Fiscal Year.

Route revenue for the 2004 Fiscal Year decreased by approximately $1.9 million, or less than 1%, as compared to the prior year. We believe that the decline in route revenue for the 2004 Fiscal Year, as compared to the 2003 Fiscal Year, was primarily the result of increased vacancies related to locations in

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certain regions as well as, to a lesser extent, a transfer of approximately 9,000 rental machines to AWA during the 2003 Fiscal Year. This decrease was slightly offset by an improvement in revenue from tch 31, 2009. Notwithstanding anything to the contrary in the second immediately preceding paragraph, if the subordination provisions are no longer in effect for any fiscal year, the cash dividends payable on each share of our Class B common stock shall, with respect to such fiscal year and each fiscal year thereafter, be equal to 105% of the aggregate amount of dividends payable on each share of Class A common stock for such fiscal year. Waiver of cash dividends by holders of Class B common stock Holders of a majority of the then outstanding shares of Class B common stock may at any time, voting as a single class, waive the rights of all holders of shares of Class B common stock to all or any portion of cash dividends to which they are entitled. Sales rights of Class B common stockholders Under certain circumstances, holders of Class B common stock have the right to have their respective shares redeemed with the proceeds of certain primary registered offerings of IDSs, Class A common stock not in the form of IDSs, or any combination thereof. Holders of Class B common stock have agreed not to exercise such sales rights in connection with this offering. See Description of Capital Stock Common Stock Redemption of Class B Common

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Stock Sales of Class B Common Stock by Class B Common Stockholders.

Shares of Class he timing of price changes and internal growth in machine count during the prior and current year. We believe that to the extent vacancy rates in certain of our operating regions, principally in the Southeast and Texas, increase in the future, route revenue in these regions may continue to decrease. Any such decrease, however, may be mitigated by our geographic diversity.

Rental revenue for the 2004 Fiscal Year increased by approximately $3.9 million, or 12%, over the 2003 Fiscal Year. The increase was primarily the result of the internal growth of the machine base in existing areas of operations during the current and prior years, as well as, to a lesser extent, the transfer of approximately 9,000 rental machines from the route business to AWA during the 2004 Fiscal Year.

Distribution revenue for the 2004 Fiscal Year decreased by approximately $6.1 million, or 22%, as compared to the 2003 Fiscal Year. Sales from the distribution business unit are sensitive to general market economic conditions and as a result have experienced downward pressure. In addition, distribution revenue decreased due to the closing of distribution operations in California. Distribution revenue from our California operations was approximately $3.0 million and $6.6 million for the 2004 Fiscal Year and the 2003 Fiscal Year, respectively.

Laundry operating expenses, exclusive of depreciation and amortization, increased by approximately $0.8 million, or less than 1%, for the 2004 Fiscal Year, as compared to the 2003 Fiscal Year. This decrease in laundry operating expenses was due primarily to a reduction in cost of sales of approximately $5.7 million related to decreased revenue experienced in the distribution business, as discussed above, offset by increased insurance costs related to both medical and general business insurance coverage of approximately $1.6 million, costs associated with expansion into four new markets in the rental business of approximately $2.6 million and increased utility costs A common stock are not entitled to any sales rights. Redemption rights of CSC Under certain circumstances, we have the right to redeem all or any portion of the outstanding Class B common stock on a *pro rata* basis. We do not expect to redeem any of the outstanding Class B common stock with proceeds from this offering. See Description of Capital Stock Common Stock Redemption of Class B Common Stock Redemption of Class B Common Stock by CSC. Shares of Class A common stock are not subject to any redemption rights. Transfer restrictions The shares of Class A common stock offered hereby will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (which we refer to as the Securities Act), unlein our retail laundromats of approximately $0.7 million. As a percentage of revenues, laundry operating expenses, exclusive of depreciation and amortization, were approximately 68.9% the 2004 Fiscal Year and 68.5% for the 2003 Fiscal Year.

General and administrative expenses decreased by approximately 1% for the 2004 Fiscal Year, as compared to the 2003 Fiscal Year. The decrease in general and administrative expenses was primarily due to a slight reduction in various costs and expenses related to administrative functions. As a percentage of revenues, general and administrative expenses were approximately 1.8% for both the 2004 Fiscal Year and the 2003 Fiscal Year.

Depreciation and amortization expense increased by approximately $5.4 million or 8% for the 2004 Fiscal Year as compared to the 2003 Fiscal Year. The increase was primarily due to depreciation and amortization expense was primarily due to depreciation expense relating to capital expenditures required by historical increases in our installed base of machines.

Amortization of advance location payments decreased by approximately $0.6 million or 3% for the 2004 Fiscal Year, as compared to the 2003 Fiscal Year. The decrease was primarily due to the reduction in the amount of advance location payments made in the prior years.

Amortization of intangibles decreased by approximately $0.3 million or 2% for the 2004 Fiscal Year as compared to the 2003 Fiscal Year. This decrease was primarily the result of the reduction of intangibles relative to prior year acquisitions.

Other items, net, for the 2004 Fiscal Year is comprised of a gain of approximately $1.7 million. In October 2002, Laundry Corp. contributed its ownership interest in RDI valued at approximately $2.7 million, to us.

Subsequently, we sold our interest in RDI pursuant to an agreement and plan of merger between RDI and third parties for cash proceeds of approximately $6.6 million before estimated expenses directly related to such sale, resulting in a gain of approximately $3.3 million which was recorded in the 2003 Fiscal Year. In connection with the RDI sale, and in addition to the cash proceeds received therefrom, we and the other sellers are entitled to their pro rata share (as determined by each seller s previous ownership percentage of RDI) of (i) $5.0 million placed in escrow by the purchaser, subject to, among other things, the satisfaction of certain working capital adjustments and customary indemnification

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obligations (which is referred to as the escrow fund), and (ii) approximately $1.8 million, subject to the continued employment by RDI of certain members of its management (which is referred to as the contingent fund). The portion of such amounts to be paid to us is based on its previous ownership percentage of RDI, which was approximately 32%, and was scheduled to be paid in two installments in October 2003 and October 2004.

Amounts to be received from the escrow fund and the contingent fund are recorded as income upon the determination by us that we are likely to receive such amounts and such amounts can be reasonably estimated.

In October 2003, we received approximately $0.7 million related to our share of the escrow fund and approximately $0.3 million related to our share of the contingent fund. Based on the receipt of this first installment and other positive indicators, we determined that the uncertainty surrounding the collectability of our portion of the escrow fund due in October 2004 of approximately $0.7 million no longer existed. Accordingly, we recorded income of approximately $1.7 million for the 2004 Fiscal year.

Offsetting the additional income related to the RDI sale for the 2004 Fiscal Year was approximately $1.9 million of expenses related to consolidation of offices of Super Laundry. This consolidation was the result of actions taken by Coinmach Corp. to reduce operating costs at Super Laundry including, among other things, the closing of distribution operations in Southern California, the reassignment of responsibilities among Super Laundry s remaining management team and the write-off of inventory due to obsolescence.

Other items, net, for the 2003 Fiscal Year is comprised of a gain of approximately $3.3 million, as discussed above. Offsetting this gain was approximately $2.8 million of expenses related to (i) professional fees incurred in connection with the AWss they are acquired by affiliates as that term is defined in Rule 144 under the Securities Act. Shares of Class B common stock are restricted securities as that term is defined in Rule 144 under the Securities Act and are not and will not be listed for trading on any exchange. Transfer agent The Bank of New York is the transfer agent and registrar for our common stock. Book-entry form The shares of Class A common stock being will be initially issued in book-entry form and will be represented by a global stock certificate. The shares will be fully-registered in the name of a nominee of The Depository Trust Company (DTC) and our transfer agent will serve as custodian on behalf of owners of Class A common stock.

Risk Factors

You should carefully consider the information under the heading Risk Factors and all other information in this prospectus before investing in the shares of Class A common stock.

Market and Industry Data

Market data used throughout this prospectus was obtained from our internal surveys and industry surveys and publications. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but we have not independently verified the market data. Similarly, our internal surveys, while believed to be reliable, have not been verified by any independent sources.

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Summary Consolidated Historical Financial Data
(In thousands of dollars, except ratios)

The following tables display the summary consolidated historical financial data of Coinmach Service Corp. for the periods ended or as of the dates indicated. We derived certain of the historical data for the three month period from April 1, 2000 to June 30, 2000 (Pre-Going Private Transaction) and for the nine month period from July 1, 2000 to March 31, 2001 (Post-Going Private Transaction), and for the fiscal years ended March 31, 2002 (the 2002 Fiscal Year), March 31, 2003 (the 2003 Fiscal Year), March 31, 2004 (the 2004 Fiscal Year) and March 31, 2005 (the 2005 Fiscal Year) from our audited consolidated financial statements. We derived certain of the historical data for the six months ended September 30, 2004 and September 30, 2005 from our unaudited condensed consolidated financial statements, which include all adjustments consisting of normal recurring adjustments that management considers necessary for a fair presentation of the financial position and results of operations for this period. The historical data for the results of operations for the six months ended September 30, 2005 is not necessarily indicative of the results that may be expected for any other interim period or for the fiscal year ending March 31, 2006. The summary financial information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the notes thereto appearing elsewhere in this prospectus.

Three Months April 1, 2000 to June 30, 2000	Nine Months July 1, 2000 to March 31, 2001	Fiscal Year Ended March 31,				Six Months Ended	
Pre-Going Private Transaction	Post-Going Private Transaction	2002	2003	2004	2005	September 30, 2004	September 30, 2005

Operating income margins were approximately 8.9% for the 2004 Fiscal Year, as compared to approximately 10.3% for the 2003 Fiscal Year. The decrease in operating income margin for the 2004 Fiscal Year was primarily due to the decreased revenue, net of cost of sales, in the distribution business as well as the increase in depreciation and amortization expenses, as discussed above.

Interest expense increased by approximately $23.9 million or 14% for the 2004 Fiscal Year, as compared to the 2003 Fiscal Year. The increase in interest expense was a result of the change in the accounting treatment of redeemable preferred stock dividends resulting in additional interest expense of approximately $24.7 million, as well as, to a lesser extent, an increase in interest expense resulting from the interest rate swap agreements entered into by Coinmach Corp. in September 2002 that are at a slightly higher fixed rate compared to variable rates. This was offset by a decrease in interest expense primarily due to decreased borrowing levels under the Coinmach Corp. credit facility, a decrease in variable interest rates payable under such facility resulting from a market decline in interest rates.

The benefit for income taxes for the 2004 Fiscal Year was approximately $3.6 million as compared to a provision for income taxes of approximately $0.4 million for the 2003 Fiscal Year. The change for the fiscal year is due to pretax loss of approximately $35.0 million for the 2004 Fiscal Year as compared to a pretax loss of approximately $2.8 million for the 2003 Fiscal Year. The effective tax rate for the 2004 Fiscal Year was 10% as compared to 14% for the 2003 Fiscal Year. The effective tax rate for the 2004 Fiscal Year reflects the treatment of approximately $24.7 million of redeemable preferred stock dividends as interest expense.

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Net loss was approximately $31.3 million for the 2004 Fiscal Year, as compared to approximately $3.2 million for the 2003 Fiscal Year. The increase in net loss was primarily the result of the treatment of approximately $24.7 million of redeemable preferred stock dividends as interest expense as well as decreased revenues and increase in depreciation expense, as discussed above. We have experienced net losses in each fiscal year since March 31, 2000. Such net losses are attributable in part to significant non-cash charges associated with our acquisitions and the related amortization of contract rights accounted for under the purchase method of accounting. We incur significant depreciation and amortization expense relating to annual capital expenditures, which also reduces our net income.

The following table sets forth our EBITDA for each of the route, distribution and rental divisions for the years indicated (dollars in millions):

Year Ended March 31,

	2004	**2003**	**Change**					
oute	$ 154.4	$ 158.9	$ (4.5)					
ental	12.2	11.4	0.8					
stribution	(1.2)	(1.7)	0.5					
her items, t	(0.2)	0.5	(0.7)					
rporate penses	(9.5							
							(Unaudited)	**(Una**
perations Data:								
Revenues	$134,042	$ 393,608	$ 538,895	$ 535,179	$ 531,088	$538,604	$ 266,449	$26
Transaction costs(1)			(11,402)			(17,389)		
Operating income	10,597	17,528	36,270	55,348	47,112	49,641	23,420	2
Net loss(2)	(4,759)	(29,063)	(42,335)	(3,200)	(31,331)	(35,325)	(16,652)	(
alance Sheet Data (at d of period):								
Cash and cash equivalents	)	(9.6)	0.1					
otal BITDA	$ 155.7	159.5	$	$ 25,859	$ 27,820	$ 27,428	$ 31,620	$ 5
Property and equipment, net		276,004	284,413	286,686	283,688	264,264	276,315	26
Contract rights, net		373,352	348,462	335,327	323,152	309,698	316,561	30
Advance location payments		74,233	69,257	70,911	73,253	72,222	72,937	7
Goodwill, net		218,744	204,284	203,860	204,780	204,780	204,780	20
Total assets		1,017,012	992,075	976,163	959,508	956,676	951,406	93

Total long-term debt(3)	698,719	737,555	718,112	717,631	708,391	715,775	698
Preferred stock	200,065	220,362	241,200	265,914		279,282	
Stockholders (deficit) equity	(51,543)	(113,743)	(138,460)	(169,619)	109,215	(184,672)	98

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Three Months April 1, 2000 to June 30, 2000 Pre-Going Private Transaction(10)	Nine Months July 1, 2000 to March 31, 2001 Post-Going Private Transaction(9)	Fiscal Year Ended March 31, 2002	2003	2004	2005	Six Months Ended September 30, 2004	September 30, 2005
			(3.8)				

EBITDA was approximately $155.7 million for the 2004 Fiscal Year, as compared to approximately $159.5 million for the 2003 Fiscal Year. EBITDA margins decreased to approximately 29.3% for the 2004 Fiscal Year, as compared to approximately 29.8% for the 2003 Fiscal Year. This decrease in EBITDA was primarily the result of decreased revenues in the route businesses, increased insurance costs related to both medical and general business insurance coverage, costs associated with expansion into new markets in the rental business and increased utility costs, as previously discussed. See footnote 5 of the table contained under Selected Consolidated Financial Data for a reconciliation of EBITDA to net loss for the periods indicated in the table immediately above.

Liquidity and Capital Resources

We are a holding company with no material assets other than the capital stock of our subsidiaries, an intercompany note of Coinmach Corp. and the guarantee of such intercompany note by certain subsidiaries of Coinmach Corp. Our operating income is generated by our subsidiaries. The intercompany note and related guarantees are described below under The Intercompany Loan. Our liquidity requirements will primarily consist of interest payments on the 11% notes and dividend payments, if any, on our common stock. Our ability to make such payments will depend on the earnings and cash flows of our subsidiaries and the ability of our subsidiaries to distribute amounts to us, including by way of payments on the intercompany note.

We and our subsidiaries have substantial indebtedness and debt service requirements. At September 30, 2005, on a consolidated basis, we had outstanding total debt of approximately $698.3 million, which included (i) $324.5 million aggregate principal amount of Coinmach Corp. 9% notes, (ii) approximately $229.3 million of term loan borrowings under the Coinmach Corp. credit facility and (iii) approximately $136.1 million aggregate principal amount of 11% notes. Letters of credit under the Coinmach Corp. credit facility outstanding at September 30, 2005 were approximately $6.4 million. The Coinmach Corp. 9% notes are scheduled to mature on February 1, 2010. The term loans under the Coinmach Corp. credit facility are scheduled to be fully repaid by July 25, 2009. As of March 31, 2005, there were no amounts outstanding under the revolver portion of the Coinmach Corp. credit facility, which is scheduled to expire on January 25, 2008. The 11% not #000000;"> **(Unaudited) (Unaudited)**

Financial Information and Other Data:

Our stockholders equity was approximately $98.1 million as of September 30, 2005.

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The primary liquidity needs of our operating subsidiaries, on a consolidated basis, are to fund capital expenditures, service indebtedness and support working capital requirements. We have met these requirements for the past three fiscal years. Our principal sources of liquidity are cash flows from operating activities and selected borrowings available under the Coinmach Corp. credit facility. As of September 30, 2005, we had cash and cash equivalents of approximately $49.7 million and available borrowings under the Coinmach Corp. credit facility of approximately $68.6 million.

As we have focused on increasing our cash flow from operating activities, we have made significant capital investments, primarily consisting of capital expenditures related to acquisitions, renewals and growth.

We anticipate that we will continue to utilize cash flows from operations to finance our capital expenditures and working capital needs, including interest and principal payments on our outstanding indebtedness, and to pay dividends on our common stock.

Dividend Policy

In connection with our IPO, our board of directors adopted a dividend policy that reflects a basic judgment that our stockholders would be better served if we distributed our available cash to them instead of retaining it in our business. Pursuant to this policy, cash generated by us in excess of operating needs, interest and principal payments on indebtedness, and capital expenditures sufficient to maintain our properties and other assets would generally be available for distribution as regular cash dividends. However, dividend payments are not mandatory or guaranteed and holders of our common stock do not have any legal right to receive, or require us to declare, dividends. Furthermore, our board of directors may, in its sole discretion, amend or repeal our dividend policy at any time and decrease or eliminate dividend payments. See Dividend Policy and Restrictions Historical Common Stock Dividend Payments for a description of the dividend amount per share paid or payable by us since completion of the IPO.

As a result of our dividend policy, we may not retain a sufficient amount of cash to finance growth opportunities or unanticipated capital expenditure needs or to fund our operations in the event of a significant business downturn. We may have to forego growth opportunities or capital expenditures that would otherwise be necessary or desirable if we do not find alternative sources of financing. If we do not have sufficient cash for these purposes, our financial condition and our business will suffer. See Dividend Policy and Restrictions, Risk Factors Risks Relating to Our Business Our dividend policy may negatively impact our ability to finance our working capital requirements, capital expenditures or operations and Risk Factors Risks Relating to the Offering You may not receive the level of dividends provided for in our dividend policy or any dividends at all for a more detailed discussion of our dividend policy and the impact of and restrictions on dividend payments.

On November 8, 2005, our board of directors declared a quarterly cash dividend of $0.20615 per share of Class A common stock (or approximately $3.9 million in the aggregate) in respect of the fiscal quarter ended September 30, 2005, which cash dividend is payable on December 1, 2005 to holders of record as of the close of business on November 25, 2005.

Financing Activities

We have from time to time used external financings to meet cash needs for operating expenses, the payment of interest, retirement of debt and acquisitions and capital expenditures. We may use external financings in the future to refinance or fund the retirement or repurchase of our and our subsidiaries existing indebtedness. The timing and amount of external financings depend primarily upon economic and financial market conditions, our consolidated cash needs and our future capital structure objectives, as well as contractual limitations on additional financings. Additionally, the availability and cost of external financings will depend upon the financial condition of the entities seeking those funds.

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The IDS Offering

On November 24, 2004, we completed our IPO of 18,911,532 IDSs (including a partial overallotment exercise by the underwriters in the IPO) at an initial public offering price of $13.64 per IDS and $20 million aggregate principal amount of 11% notes sold separate and apart from IDSs.

Net proceeds from the IPO were approximately $254.3 million after expenses, including underwriting discounts and commissions. The net proceeds were used to (i) redeem a portion of the Coinmach Corp. 9% notes in an aggregate principal amount of $125.5 million (plus approximately $4.5 million of accrued interest and approximately $11.3 million of related redemption premium), (ii) repay approximately $15.5 million of outstanding term loans under the Coinmach Corp. credit facility, (iii) redeem approximately $91.8 million of Laundry Corp. s outstanding Class A preferred stock and approximately $7.4 million of Laundry Corp. s outstanding Class B preferred stock, and (iv) pay related fees and expenses.

11% Notes

At September 30, 2005, there was approximately $136.1 million aggregate principal amount of 11% notes outstanding, including approximately $20.0 million aggregate principal amount of 11% notes initially issued separate and apart from IDSs. The 11% notes, which are scheduled to mature on December 1, 2024, are our senior secured obligations and are redeemable, at our option, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days notice (i) prior to December 1, 2009, upon payment of a make-whole premium and (ii) on or after December 1, 2009, at the redemption prices set forth in the indenture governing the 11% notes plus accrued and unpaid interest thereon. The 11% notes are secured by a first-priority perfected lien, subject to certain permitted liens, on substantially all of our existing and future assets, including the common stock of AWA, the capital stock of Laundry Corp. and the intercompany note and related guaranty. The 11% notes are guaranteed on a senior secured basis by Laundry Corp.

Interest on the 11% notes accrues at the rate of 11% per annum and is payable quarterly, in arrears, in cash on each March 1, June 1, September 1 and December 1, commencing on March 1, 2005 (which payment constituted interest accrued from November 24, 2004 through December 31, 2004), to the holders of record at the close of business on the February 25, May 25, August 25 and November 25, respectively, immediately preceding the applicable interest payment date.

The indenture governing the 11% notes contains a number of restrictive covenants and agreements applicable to us and our restricted subsidiaries, including covenants with respect to the following matters: (i) limitation on additional indebtedness; (ii) limitation on certain payments (in the form of the declaration or payment of certain dividends or distributions on our capital stock, the purchase, redemption or other acquisition of any of our capital stock, the voluntary prepayment of subordinated indebtedness, and certain investments); (iii) limitation on transactions with affiliates; (iv) limitation on liens; (v) limitation on sales of assets; (vi) limitation on the issuance of preferred stock by non-guarantor subsidiaries; (vii) limitation on conduct of business; (viii) limitation on dividends and other payment restrictions affecting subsidiaries; (ix) limitations on exercising Class B common stock redemption rights and consummating purchases of Class B common stock upon exercise of sales rights by holders; and (x) limitation on consolidations, mergers and sales of substantially all of our assets.

At September 30, 2005, we were in compliance with the covenants under the indenture governing the 11% notes.

Coinmach Corp. Credit Facility

On January 25, 2002, Coinmach Corp. entered into the Coinmach Corp. credit facility, which was comprised of: (i) $280 million in aggregate principal amount of term loans and (ii) a revolving credit facility with a maximum borrowing limit of $75 million. The Coinmach Corp. credit facility also provides for up to $10 million of letter of credit financings and short-term borrowings under a swing line facility of

Cash flow provided by operating activities
$17,314 $68,014 $77,799 $103,900 $97,052 $104,998 $48,344 $52,008
Cash flow used
in investing
activities
(24,273) (66,202) (82,255) (81,330) (88,449) (70,927) (37,282) (37,786)
Cash flow
provided by
(used in)
financing activities
8,362 (530) 6,417 (22,962) (4,411) (8,420) (5,077) (21,801)
EBITDA(4)(5)
42,154 117,920 154,565 159,526 155,689 142,692 78,590 79,238
EBITDA margin(6)
31.5% 30.0% 28.7% 29.8% 29.3% 26.5% 29.5% 29.8%
Operating margin(7)
7.9% 4.5% 6.7% 10.3% 8.9% 9.2% 8.8% 9.5%
Capital expenditures(8):

Capital expenditures
$24,273 &ft" style="font-size: 10pt;"> up to $7.5 million. The Coinmach Corp. credit facility is secured by a first priority security interest in all of Coinmach Corp. s real and personal property and is guaranteed by each of Coinmach Corp. s domestic subsidiaries. The interest rate is based on a monthly variable Eurodollar rate plus 2.75%. At September 30, 2005, the monthly variable Eurodollar rate was 4.13%. As a condition to the consummation of the IDS Transactions, Coinmach Corp. entered into an amendment to the Coinmach Corp. credit facility on November 15, 2004, among other things, to permit the IDS Transactions.

Coinmach Corp. used a portion of the proceeds from the IPO to repay approximately $15.5 million of outstanding term loans. As of September 30, 2005, the aggregate principal amount outstanding under the term loans was approximately $229.3 million. The term loans are scheduled to be fully repaid by July 25, 2009. As of September 30, 2005, there were no amounts outstanding under the revolver portion of the Coinmach Corp. credit facility, which is scheduled to expire on January 25, 2008. Letters of credit outstanding under the Coinmach Corp. credit facility at September 30, 2005 were approximately $6.4 million.

The Coinmach Corp. credit facility contains a number of restrictive covenants and agreements, including covenants with respect to limitations on (i) indebtedness; (ii) certain payments (in the form of the declaration or payment of certain dividends or distributions on the capital stock of Coinmach Corp. or its subsidiaries or the purchase, redemption or other acquisition of any of the capital stock of Coinmach Corp. or its subsidiaries); (iii) voluntary prepayments of previously existing indebtedness; (iv) Investments (as defined in the Coinmach Corp. credit facility); (v) transactions with affiliates; (vi) liens; (vii) sales or purchases of assets; (viii) conduct of business; (ix) dividends and other payment restrictions affecting subsidiaries; (x) consolidations and mergers; (xi) capital expenditures; (xii) issuances of certain of Coinmach
Cornbsp;$60,620 $79,464 $86,685 $86,732 $71,495 $36,955 $37,074
Acquisition capital expenditures

The Coinmach Corp. credit facility requires Coinmach Corp. to make an annual mandatory repayment of principal on the outstanding balance of the term loans based on 50% of excess cash flow, as defined. For the fiscal year ended March 31, 2005, Coinmach Corp. repaid $10.0 million aggregate principal amount of loans on July 12, 2005.

On September 23, 2002, Coinmach Corp. entered into three separate interest rate swap agreements totaling $150 million in aggregate notional amount that effectively convert a portion of its floating-rate term loans pursuant to the Coinmach Corp. credit facility to a fixed rate basis, thereby reducing the impact of interest rate changes on future interest expense. The three swap agreements consist of: (i) a $50 million notional amount interest rate swap transaction with a financial institution effectively fixing the three-month LIBOR interest rate (as determined therein) at 2.91% and expiring on February 1, 2006, (ii) a $50 million notional amount interest rate swap transaction with a financial institution effectively fixing the three-month LIBOR interest rate (as determined therein) at 2.91% and expiring on February 1, 2006 and (iii) a $50 million notional amount interest rate swap transaction with a financial institution effectively fixing the three-month LIBOR interest rate (as determined therein) at 2.90% and expiring on February 1, 2006. These interest rate swaps used to hedge the variability of forecasted cash flows attributable to interest rate risk were designated as cash flow hedges.

Coinmach Corp. intends to refinance the Coinmach Corp. credit facility with a new credit facility expected to consist of a $75 million revolving credit facility and a $570 million term loan facility. The new credit facility is expected to be used to refinance approximately $230 million of term debt under the existing Coinmach Corp. credit facility and, the balance of approximately $340 million, to retire all of the outstanding Coinmach Corp. 9% notes.

At September 30, 2005, Coinmach Corp. was in compliance with all covenants under the Coinmach Corp. credit facility.

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Coinmach Corp. 9% Notes

On January 25, 2002, Coinmach Corp. issued $450 million of Coinmach Corp. 9% notes. Interest on the Coinmach Corp. 9% notes is payable semi-annually on February 1 and August 1. The Coinmach Corp. 9% notes, which are to mature on February 1, 2010, are unsecured senior obligations of Coinmach Corp. and are redeemable, at its option, in whole or in part at any time or from time to time, on or after February 1, 2006, upon not less than 30 nor more than 60 days notice, at the redemption prices set forth in the indenture agreement, dated January 25, 2002, by and between Coinmach Corp. and U.S. Bank, N.A. as Trustee, governing the Coinmach Corp. 9% notes plus, in each case, accrued and unpaid interest thereon, if any, to the date of redemption. The Coinmach Corp. 9% notes contain certain financial covenants and restrict the payment of certain dividends, distributions or other payments from Coinmach Corp. to Laundry Corp. The Coinmach Corp. 9% notes are guaranteed on a senior unsecured senior basis by Coinmach Corp. s domestic subsidiaries.

On December 24, 2004, Coinmach Corp. used a portion of the proceeds from the IPO to redeem a portion of the Coinmach Corp. 9% notes in an aggregate principal amount of $125.5 million (plus approximately $4.5 million of accrued interest and approximately $11.3 million of related redemption premium). At September 30, 2005, there was $324.5 million aggregate principal amount of Coinmach Corp. 9% notes outstanding.

The indenture governing the Coinmach Corp. 9% notes contains a number of restrictive covenants and agreements applicable to Coinmach and its subsidiaries, including covenants with respect to the following matters: (i) limitation on additional indebtedness; (ii) limitation on certain payments (in the form of the declaration or payment of certain dividends or distributions on Coinmach Corp. s capital stock, the purchase, redemption or other acquisition of any of Coinmach Corp. s capital stock, the voluntary prepayment of subordinated indebtedness, and certain investments); (iii) limitation on transactions with affiliates; (iv) limitation on liens; (v) limitation on sales of assets; (vi) limitation on the issuance of preferred stock by non-guarantor subsidiaries; (vii) limitation on conduct of business; (viii) limitation on dividends and other payment restrictions affecting subsidiaries; and (ix) limitation on consolidations, mergers and sales of substantially all of Coinmach Corp. s assets.

At September 30, 2005, Coinmach Corp. was in compliance with all covenants under the indenture governing the Coinmach Corp. 9% notes.

The Intercompany Loan

Pursuant to the IDS Transactions, we made an intercompany loan of approximately $81.7 million to Coinmach Corp. (the Intercompany Loan), which loan is evidenced by an intercompany note. The Intercompany Loan is eliminated in consolidation. Interest under the Intercompany Loan accrues at an annual rate of 10.95% and is payable quarterly on March 1, June 1, September 1 and December 1 of each year and is due and payable in full on December 1, 2024. The Intercompany Loan is a senior unsecured obligation of Coinmach Corp., ranks equally in right of payment with all existing and future senior indebtedness of Coinmach Corp. (including indebtedness under the Coinmach Corp. 9% notes and the Coinmach Corp. credit facility) and ranks senior in right of payment to all existing and future subordinated indebtedness of Coinmach Corp. Certain of Coinmach Corp. s domestic restricted subsidiaries guarantee the Intercompany Loan on a senior unsecured basis.

The Intercompany Loan contains covenants (other than a covenant providing for the delivery of reports to holders) that are substantially the same as those provided in the terms of the Coinmach Corp. 9% notes (as such covenants may be modified in the future pursuant to the terms of the indenture governing the Coinmach Corp. 9% notes) provided, however, that on the redemption or repayment in full of the Coinmach Corp. 9% notes, the covenants contained in the Intercompany Loan will become substantially the same as those provided in the terms of such other indebtedness that refinances or replaces the Coinmach Corp. 9% notes or, in the absence thereof, the terms of the 11% notes. The Intercompany Loan and the guaranty of the Intercompany Loan by certain of our subsidiaries were pledged by CSC to secure the repayment of the 11% notes.

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If at any time Coinmach Corp. is not prohibited from doing so under the terms of its then outstanding indebtedness, in the event that CSC undertakes an offering of IDSs or Class A common stock, including the offering of Class A common stock contemplated hereby, a portion of the net proceeds of such offering, subject to certain limitations, will be loaned to Coinmach Corp. and increase the principal amount of the Intercompany Loan and the guaranty of the Intercompany Loan. As a result of the loan of the net proceeds of this offering to Coinmach Corp., the principal amount of the Intercompany Loan and the guaranty of the Intercompany Loan will increase to $ million.

If Coinmach Corp. merged with or into CSC, or CSC merged with or into Coinmach, the Intercompany Loan would be terminated and the surviving company would become responsible for the payment obligations relating to the 11% notes.

If an event of default under the Intercompany Loan occurs and is continuing, the Intercompany Loan holder will have the right to declare all obligations under the Intercompany Loan immediately due and payable; provided that if Coinmach Corp. shall become the subject of an insolvency, bankruptcy or cross-acceleration event of default, all of the obligations under the Intercompany Loan and the guarantees in respect thereof shall become immediately and automatically due and payable without any action or notice. Any waiver of a default or an event of default under the indenture governing the 11% notes that causes a default or an event of default under the Intercompany Loan shall also be a waiver of such default or event of default under the Intercompany Loan without further action or notice.

At September 30, 2005, Coinmach Corp. was in compliance with all covenants under the Intercompany Loan.

Operating and Investing Activities

We use cash from operating activities to maintain and expand our business. As we have focused on increasing our cash flow from operating activities, we have made significant capital investments, primarily consisting of capital expenditures related to acquisitions, renewals and growth. We anticipate that we will continue to utilize cash flows from operations to finance our capital expenditures and working capital needs.

Capital expenditures (net of proceeds from the sale of equipment and investments) for the six month period ended September 30, 2005 were approximately $36.6 million (excluding approximately $1.2 million relating to acquisition capital expenditures). The primary components of our capital expenditures are (i) machine expenditures, (ii) advance location payments, and (iii) laundry room improvements. Additionally, capital expenditures for the six month period ended September 30, 2005 included approximately $2.5 million attributable to technology upgrades. The full impact on revenues and cash flow generated from capital expended on the net increase in the installed base of machines is not expected to be reflected in our financial results until subsequent reporting periods, depending on certain factors, including the timing of the capital expended. While we estimate that we will generate sufficient cash flows from operations to finance anticipated capital expenditures, there can be no assurances that we will be able to do so.

The following table sets forth our capital expenditures (excluding business acquisitions) for the periods indicated (dollars in millions):

	Six Months Ended September 30,		
	2005	**2004**	**Change**
Route	$ 30.4	$ 32.5	$ (2.1)
Rental	3.5	2.6	0.9
Distribution	0.2	0.2	
Corporate	2.5	1.4	1.1
	$ 36.6	$ 36.7	$ (0.1)

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Capital expenditures (net of proceeds from the sale of equipment and investments) for the 2005 Fiscal Year were approximately $70.3 million (excluding approximately $0.6 million relating to acquisition capital expenditures). The primary components of our capital expenditures are (i) machine expenditures, (ii) advance location payments, and (iii) laundry room improvements. Additionally, capital expenditures for the 2005 Fiscal Year included approximately $2.2 million attributable to technology upgrades. The full impact on revenues and cash flow generated from capital expended on the net increase in the installed base of machines is not expected to be reflected in our financial results until subsequent reporting periods, depending on certain factors, including the timing of the capital expended. While we estimate that we will generate sufficient cash flows from operations to finance anticipated capital expenditures, there can be no assurances that we will be able to do so.

The following table sets forth our capital expenditures (excluding business acquisitions) for the years indicated (dollars in millions):

	Year Ended March 31,							
	2005	**2004**	**Change**					
Route	$ 64.2	$ 75.4	$ (11.2)					
Rental	3.8	7.1	(3.3)					
Distribution	0.4	5,582	3,723	1,976	3,615	628	618	1,210

(1) Transaction costs in the 2005 Fiscal Year consist of the following costs incurred in connection with the IDS Transactions: (a) approximately $11.3 million of redemption premium on the portion of the Coinmach Corp. 9% senior notes due 2010, which we refer to as the Coinmach Corp. 9% notes , redeemed, (b) the write-off of deferred financing costs relating to the redemption of the Coinmach Corp. 9% notes and the term loans repaid aggregating approximately $3.5 million, (c) expenses aggregating approximately $1.8 million relating to the amendment on November 15, 2004 of the Coinmach Corp. senior secured credit facility, which credit facility is dated as of January 25, 2002, by and among Coinmach Corp., as borrower, Laundry Corp., certain subsidiaries of Coinmach Corp. as guarantors, the lenders thereunder, Deutsche Bank Trust Company Americas, as administrative agent and collateral agent, and the other agents (we refer to such credit facility as the Coinmach Corp. credit facility) and (d) special bonuses to senior management related to the IDS Transactions aggregating approximately $0.8 million. Transaction costs in the 2002 Fiscal Year consist of costs incurred in connection with Coinmach Corp. s refinancing on January 25, 2002.

(2) For the 2005 Fiscal Year, net loss includes approximately $18.2 million of preferred stock dividend recorded as interest expense. For the 2004 Fiscal Year, net loss includes approximately $24.7 million of preferred stock dividend recorded as interest expense. For the six months ended September 30, 2004, net loss includes approximately $13.4 million of preferred stock dividend recorded as interest expense. As required by Statement of Financial Accounting Standards No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equities* (SFAS No. 150), accrued and unpaid dividends prior to adoption of SFAS No. 150 have not been reclassified to interest expense. Preferred stock dividends for the 2003 Fiscal Year and the 2002 Fiscal Year and for the nine-month period from July 1, 2000 to March 31, 2001 were approximately $20.8 million, $20.4 million and $12.7 million, respectively.

(3) Total long-term debt at March 31, 2001 does not include unamortized premium of $5,555 recorded as a result of the issuance by Coinmach Corp. of $100 million aggregate principal amount of $11^{3}/4$%

Series C Senior Notes due 2005 (the 11^3/4% Senior Notes) in October 1997. The 11^3/4% Senior Notes were redeemed on February 25, 2002 and the unamortized premium on such date was included in the determination of the loss on extinguishment of debt.

(4) EBITDA represents earnings from continuing operations before deductions for interest, income taxes and depreciation and amortization. Management believes that EBITDA is useful as a means to evaluate our ability to service existing debt, to sustain potential future increases in debt and to satisfy capital requirements. EBITDA is also used by management as a measure of evaluating the performance of our three operating segments. Management further believes that EBITDA is useful to investors as a measure of comparative operating performance as it is less susceptible to variances in actualTD>

	0.6	(0.2)	
Corporate	1.9	1.7	0.2
$	70.3	$ 84.8	$ (14.5)

Management of our working capital, including timing of collections and payments and levels of inventory, affects operating results indirectly. However, our working capital requirements are, and are expected to continue to be, m performance resulting from depreciation, amortization and other non-cash charges and more reflective of changes in pricing decisions, cost controls and other factors that affect operating performance. Management uses EBITDA to develop compensation plans, to measure sales force performance and to allocate capital assets. Additionally, because we have historically provided EBITDA to investors, we believe that presenting this non-GAAP financial measure provides consistency in our financial reporting. Management s use of EBITDA, however, is not intended to represent cash flows for the period, nor has it been presented as an alternative to either (a) operating income (as determined by U.S. generally accepted accounting principles, (GAAP)) as an indicator of operating performance or (b) cash flows from operating, investing and financing activities (as determined by U.S. generally accepted accounting principles) as a measure of liquidity. Given that EBITDA is not a measurement determined in accordance with U.S. generally accepted accounting principles and is thus susceptible to varying calculations, EBITDA may not be comparable to other similarly titled measures of other companies. The following tables reconcile our net loss and cash flow provided by operating activities to EBITDA for each period presented (in thousands).

Summary of Contractual Obligations

The following table sets forth information w disclosures about our contractual obligations and c of September 30, 2005 (dollars in millions):

	Payments Due in Fiscal Yea			
	Total	**2006**	**2007**	**2008**
Long-Term Debt Obligations	$ 690.4	$ 1.3	$ 2.5	$ 12.0
Interest on Long-Term Debt(1)	480.4	30.5	59.8	59.5
	9.2	2.1	3.5	2.2

Capital Lease Obligations(2)					
Operating Lease Obligations	26.3	4.2		7.0	5.1
				Three Months	**Nine Month**
	April 1, 2000 to June 30, 2000	**July 1, 2000 to March 31, 2001**	1 pt solid #000000;">		
	$ 1,206.3	$ 38.1		$ 72.8	$ 78.8

(1) As of September 30, 2005, approximately $229
long-term debt outstanding under our Senior S
Facility term loans was subject to variable rate
Interest expense on these variable rate borrowi
years was calculated using a weighted average
6.88% based on the Eurodollar rate in effect at
2005. In addition, at September 30, 2005, $324
long-term debt outstanding was subject to a fix
9.0% and approximately $136.1 million of our
outstanding was subject to a fixed interest rate
addition, in connection with the Senior Credit
Coinmach is a party to three separate interest r
agreements totaling $150.0 million which expi
2006. Such agreements effectively convert $15
principal amount of floating rate term loans un
Secured Credit Facility to a fixed interest rate

(2) Includes both principal and interest.

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Off-balance Sheet Arrangements

As of September 30, 2005, we did not have
sheet arrangements as defined in Item 303(a)(4)(ii
Regulation S-K.

Future Capital Needs and Resources

Our near-term cash requirements are primar
payment of interest on our existing consolidated in
capital expenditures, working capital and, if and w
our board of directors, dividend payments on our c
Substantially all of our consolidated long-term deb
mature on or after July 25, 2009, the date on which
balances under the Coinmach Corp. credit facility
become due. However, our consolidated level of in
have several important effects on our future operat
but not limited to, the following: (i) a significant p
flow from operations will be required to pay intere
indebtedness and the indebtedness of our subsidiar
financial covenants contained in certain of the agre
governing such indebtedness will require us and/or
to meet certain financial tests and may limit our re
to borrow additional funds, (iii) our ability to obtai
financing in the future for working capital, capital
acquisitions or general corporate purposes may be
(iv) our ability to adapt to changes in the laundry e
services industry could be limited.

We continuously evaluate our capital structu
the most efficient uses of our capital, including inv
lines of business, potential acquisitions, and purch
refinancing, exchanging or retiring certain of our a
subsidiaries outstanding debt securities and other
privately negotiated or open market transactions o
to the extent permitted by our existing covenant re
pursue such transactions we may use external fina
from operations, or any combination thereof, whic
depend on our consolidated cash needs, liquidity, l
prevailing economic and financial market conditio
should we determine to pursue any one or more of
transactions, there can be no assurance that any su
would not adversely affect our liquidity or our abil
capital requirements in the near term.

Coinmach Corp. intends to refinance the Co
credit facility with a new credit facility expected to
$75 million revolving credit facility and a $570 mi
facility. The new credit facility is expected to be u
approximately $230 million of term debt under the
Coinmach Corp. credit facility and, the balance of
$340 million, to retire all of the outstanding Coinm
9% notes.

The most significant factors affecting our ne
flow requirements are our ability to generate cash
which is dependent on our ability to attract new an
customers, and our ability to satisfy our debt servi
expenditures requirements. Considering our antici
capital expenditures, our scheduled interest payme
consolidated indebtedness, existing contractual ob
anticipated dividend payments on our capital stock
the factors described below, we estimate that over
months cash flow from operations, along with ava
cash equivalents and borrowings under the Coinm
facility, will be sufficient to fund our operating ne
outstanding consolidated indebtedness, and to pay
anticipated to be declared by our board of director

Other factors, including but not limited to an
acquisition transactions, the pursuit of any signific
opportunities, potential material increases in the c
with regulatory mandates (including state laws im
energy and water efficiency standards on clothes w
treatment of our debt, unforeseen reductions in oc
changes in our competitive environment, or unexp
associated with lease renewals, may affect our abi
liquidity needs in the future. In addition, subject to
limitations contained in the indenture governing th
may redeem all or part of the outstanding Class B
a pro rata basis. Any exercise by us of such redem
further reduce cash available to fund our liquidity

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We intend to annually deduct interest expen
11% notes from taxable income for U.S. federal ar
income tax purposes. However, if the IRS were su
challenge our position that the 11% notes are debt
income tax purposes, the cumulative interest exper
with the 11% notes would not be deductible from t
and we would be required to recognize additional t
establish a related income tax liability. To the exte
portion of the interest expense is determined not to
we would be required to recognize additional tax e
establish a related income tax liability. The additio
federal, state and local authorities would be based
income or loss for each of the respective years that
interest expense deduction and would reduce our a
flow.

Any disallowance of our ability to deduct in
could adversely affect our ability to make interest
11% notes and dividend payments on the shares of
common stock represented by the IDSs as well as
payments on the Class B common stock. Based on

Going Private Transaction	Post-Going Private Transaction	Fiscal Year Ended March 31, 2002	2003	2004	2005	September 30, 2004	September 30, 2005
,759)	$ (29,063)	$ (42,335)	$ (3,200)	$ (31,331)	$ (35,325)	$(16,652)	$ (3,263)
,329)	(8,620)	(5,833)	381	(3,648)	(10,166)	(1,921)	(2,149)
,685	52,461	73,036	58,167	57,377	58,572	28,625	30,646
				24,714	18,230	13,368	

Pursuant to recently enacted federal law, commercial
manufactured after January 1, 2007 will be subject to certa
and water efficiency standards. Implementing machines co
law could result in increased capital costs (including mater
costs), labor and installation costs, and in some cases, oper
maintenance costs. Our capital expenditures, as well as tho
industry participants, may significantly increase in order to
such standards.

We continuously monitor our debt position and coor
expenditure program with expected cash flows and project
dividend payments. However, our actual cash requirements
current expectations. In the event cash flow is lower than a
expect to either: (i) reduce capital expenditures, (ii) supple
from operations with borrowings under the Coinmach Corp
or (iii) evaluate other cost-effective funding alternatives. W
substantially all of the cash generated by our business in ex
needs, debt service obligations and reserves will be distrib/

					941			
,557	103,142	129,697	104,178	108,577	110,440	55,170	54,004	
,154	$117,920	$154,565	$159,526	$155,689	$142,692	$ 78,590	$79,238	

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	Three Months April 1, 2000 to June 30, 2000	Nine Months July 1, 2000 to March 31, 2001		Six Months Ended	
	Pre-Going Private	Post-Going Private	Fiscal Year Ended March 31,		
	Private	Private		September 30,	September 30,

Inflation and Seasonality

In general, our laundry operating expenses and general and administrative expenses are affected by inflation and the effects of inflation that may be experienced by us in future periods. We believe that such effects will not be material. Our business generally is not seasonal.

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Quantitative and Qualitative Disclosures About Market Risk

Our principal exposure to market risk relates to changes in interest rates on our long term borrowings. Our operating results and cash flow would be adversely affected by an increase in interest rates. As of September 30, 2005, we had approximately $79.3 million outstanding relating to our variable rate debt portfolio.

Transaction Transaction 2002 2003 2004 2005 2004 2005

Cash flow provided by operating activities

$17,314 $68,014 $77,799 $103,900 $97,052 $1tyle="font-size: 10pt; margin-top: 6pt; margin-left: 0; margin-right: 0; margin-bottom: 0; color: #000000; background: #ffffff;"> Our future earnings, cash flow and fair values relevant to financial instruments are dependent upon prevalent market rates. Market risk is the risk of loss from adverse changes in market prices and interest rates. If market rates of interest on our variable interest rate debt increased by 2.0% (or 200 basis points), our annual interest expense on such variable interest rate debt would increase by approximately $1.6 million, assuming the total amount of variable interest rate debt outstanding was $79.3 million, the balance as of September 30, 2005.

We enter into interest rate swap agreements from time to time to mitigate our exposure to adverse interest rate fluctuations. On September 23, 2002, Coinmach Corp. entered into three separate interest rate swap agreements totaling $150 million in aggregate notional amount that effectively converts a portion of its floating-rate term loans pursuant to the Coinmach Corp. credit facility to a fixed rate basis, thus reducing the impact of interest-rate changes on future interest expense. The three swap agreements consist of: (i) a $50 million notional amount interest rate swap transaction with a financial institution effectively fixing the three-month LIBOR interest rate (as determined therein) at 2.91% and expiring on February 1, 2006, (ii) a $50 million notional amount interest rate swap transaction with a financial institution effectively fixing the three-month LIBOR interest rate (as determined therein) at 2.91% and expiring on February 1, 2006 and (iii) a $50 million notional amount interest rate swap transaction with a financial institution effectively fixing the three-month LIBOR interest rate (as determined therein) at 2.90% and expiring on February 1, 2006. These interest rate swaps used to hedge the variability of forecasted cash flows attributable to interest rate risk were designated as cash flow hedges.

Our fixed debt instruments are not generally affected by a change in the market rates of interest, and therefore, such instruments generally do not have an impact on future earnings. However, as fixed rate debt matures, future earnings and cash flows may be impacted by changes in interest rates related to debt acquired to fund repayments under maturing facilities.

We do not use derivative financial instruments for trading purposes and are not exposed to foreign currency exchange risk.

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BUSINESS

We believe we are the leading provider of outsourced laundry equipment services for multi-family housing properties in North America, based on information provided by the Multi-Housing Laundry Association, a national trade association of multi-housing laundry operators and suppliers. Our core business (which we refer to as the route business) involves leasing laundry rooms from building owners and property management companies, installing and servicing laundry equipment, collecting revenues generated from laundry machines and operating retail laundromats. For the twelve months ended September 30, 2005, our route business represented approximately 88% of our total revenue.

Our long-term contracts with our customers provide us with stable, recurring revenues and consistent cash flows. We estimate that approximately 90% of our locations are subject to long-term contracts with initial terms of five to ten years, most of which have automatic renewal or right of first refusal provisions. In each year since 1997, we have retained on average approximately 97% of our existing machine base.

$48,344 $52,008

Loss on extinguishment of debt(i)

(11,402)

Interest expense

16,685 52,461 73,036 58,167 57,377 58,572 28,625 30,646

Interest expense-escrow interest

941

Gain (loss) on sale of investment and equipment

147 3,532 The existing customer base for our route business is comprised of owners of rental apartment buildings, property management companies, condominiums and cooperatives, universities and other multi-family housing properties. We typically set pricing for the use of laundry machines on location, and the owner or property manager maintains the premises and provides utilities such as natural gas, electricity and water. Our size and scale offer significant advantages over our competitors in terms of operating efficiencies and the quality of service we provide our customers.

We have grown our route business through selective acquisitions in order to expand and geographically diversify our service territories. Since January 1995, we have enhanced our national presence by completing nine significant acquisitions (as well as numerous smaller acquisitions that we refer to as tuck ins). As a result of the growth in our washer and dryer machine base, our revenue has increased from approximately $178.8 million for the twelve months ended March 29, 1996 to approximately $538.6 million for the fiscal year ended March 31, 2005. We believe this makes us the industry s leading provider, with approximately 19% of the total installed machine base in North America. As a result of this strategy, we have expanded our presence from the northeastern United States to throughout North America.

We have experienced net losses in each fiscal year since 2000, and as of September 30, 2005, we had an accumulated deficit of approximately $213.8 million and total stockholders equity of approximately $98.1 million. As of September 30, 2005, we had approximately $698.3 million in total debt.

In addition to our route business, we rent laundry machines and other household appliances to property owners, managers of multi-family housing properties, individuals and corporate entities through AWA. We also operate a laundry equipment distribution business through Super Laundry.

We believe that our route business represents the industry-leading platform from which to continue the consolidation of the fragmented outsourced laundry equipment industry, as well as potentially develop and offer complementary services to other collections based route businesses such as independent payphone operators and parking meters. We intend to grow the route operation, as well as utilize our substantial sales, service, collections and security infrastructure throughout the United States to offer related services to businesses outside our existing laundry business. We also intend to continue to evaluate our investment opportunities in AWA and manage Super Laundry and the retail laundromats to improve operating efficiencies, as well as realize cost efficiencies between these businesses and our route operations.

1,232 557 54 (27)

Loss on redemption of Coinmach Corp. 9% notes
(14,770)
Stock based compensation
(118) (1,125) (530) (338) (176) (74) (37) (12)
Change in operating assets and liabilities
7,874 (1,161) 18,100 (3,693) 2,513 (5,206) 2,776 (2,314)
Deferred taxes
1,873 &ngin-right: 0; margin-bottom: 0; color: #000000; background: #ffffff;"> **Business Operations**

Description of Principal Operations

The primary aspects of our route business operations include: (i) sales and marketing; (ii) location leasing; (iii) service; (iv) information management; (v) remanufacturing and (vi) revenue collection and security.

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Sales and Marketing

We market our products and services through a sales staff with an average industry experience of over ten years. The principal responsibility of the sales staff is to solicit customers and negotiate lease arrangements with building owners and managers. Sales personnel are paid commissions that comprise 50% or more of their annual compensation. Selling commissions are based on a percentage of a location s annualized earnings before interest and taxes. Sales personnel must be proficient with the application of sophisticated financial analyses, which calculate minimum returns on investments to achieve our targeted goals in securing location contracts and renewals. We believe that our sales staff is among the most competent and effective in the industry.

Our marketing strategy emphasizes excellent service offered by our experienced, highly-skilled personnel and quality equipment that maximizes efficiency and revenue and minimizes machine downtime. Our sales staff targets potential new and renewal lease locations by utilizing the integrated computer systems extensive database to provide information on our, as well as our competitors , locations. Additionally, the integrated computer systems monitor performance, repairs and maintenance, as well as the profitability of locations on a daily basis. All sales, service and installation data is recorded and monitored daily on a custom-designed, computerized sales planner.

No single customer represents more than 2% of our gross revenue, and our ten largest customers collectively account for less than 10% of our gross revenue.

Location Leasing

Our leases provide us the exclusive right to operate and service the installed laundry machines, including repairs, revenue collection and maintenance. We typically set pricing for the use of the machines on location, and the property owner or property manager maintains the premises and provides utilities such as gas, electricity and water.

In return for the exclusive right to provide laundry equipment services, most of our leases provide for monthly commission payments to the location owners. Under the majority of leases, these commissions are based on a percentage of the cash collected from the laundry machines. Many of our leases require us to make advance location payments to the location owner in addition to commissions. Our leases typically include

provisibsp;8,478 4,247 16 3,753 10,166 1,956 2,149

Amortization of debt discount and deferred issue costs

(454) (1,052) (2,008) (2,439) (2,414) (2,326) (1,207) (1,063)

Amortization of premium on 11$^{3}/4$% Senior Notes

309 925 1,009

(Benefit) provision for income taxes

(1,329) (8,620) (5,833) 381 (3,648) (10,166) (1,921) (2,149)

EBITDA(5)

$42,154 $117,920 $154,565 $159,526 $155,689 $142,692 $78,590 $79,238

We estimate that approximately 90% of our locations are under long-term leases with initial terms of five to ten years. Of the remaining locations not subject to long-term leases, we believe that we have retained a majority of such customers through long-standing relationships and expect to continue to service such customers. Most of our leases renew automatically or have a right of first refusal provision. Our automatic renewal clause typically provides that, if the building owner fails to take any action prior to the end of the original lease term or any renewal term, the lease will automatically renew on substantially similar terms. As of September 30, 2005, based on number of machines, our leases had an average remaining life to maturity of approximately 54 months (without giving effect to automatic renewals).

Service

Our employees deliver, install, service and collect revenue from washers and dryers in laundry facilities at our leased locations.

Our integrated computer systems allow for the quick dispatch of service technicians in response to both computer-generated (for preventive maintenance) and customer-generated service calls. On a daily basis, we receive and respond to approximately 2,500 service calls. We estimate that less than 1% of our machines are out of service on any given day. The ability to reduce machine down-time, especially during peak usage, enhances revenue and improves our reputation with our customers.

In a business that emphasizes prompt and efficient service, we believe that our integrated computer systems provide a significant competitive advantage in terms of responding promptly to customer needs. Computer-generated service calls for preventive maintenance are based on previous service history, repeat service call analysis and monitoring of service areas. These systems coordinate our radio-equipped service vehicles and allow us to address customer needs quickly and efficiently.

Information Management

Our integrated computer systems serve three major functions: (i) tracking the service cycle of equipment; (ii) monitoring revenues and costs by location, customer and salesperson and (iii) providing information on competitors and our lease renewal schedules.

Our integrated computer systems provide speed and accuracy throughout the entire service cycle by integrating the functions of service call entry, dispatching service personnel, parts and equipment purchasing, installation, distribution and collection. In addition to coordinating all aspects of the service cycle, our integrated computer systems track contract performance, which indicate potential machine problems or pilferage and provide data to forecast future equipment servicing requirements. Given the rapid changes in technology, we are constantly working with vendors to upgrade our integrated computer systems to enhance the productivity of our workforce. To that end, we initiated a comprehensive program in September 2003 through which we will improve communications among our regions and maximize cost savings, including programs related to business intelligence, field service management and sales force automation.

Data on machine performance is used by our sales staff to forecast revenue by location. We are able to obtain daily, monthly, quarterly and annual reports on location performance, coin collection, service and sales activity by salesperson.

Our integrated computer systems also provide our sales staff with an extensive database essential to our marketing strategy to obtain new business through competitive bidding or owner-operator conversion opportunities.

We also believe that our integrated computer systems enhance our ability to successfully integrate acquired businesses into our existing operations. Regional or certain multi-regional acquisitions have typically been substantially integrated within 90 to 120 days, while a local acquisition can be integrated almost immediately.

Remanufacturing

We rebuild and reinstall aor: #000000; background: #ffffff;">

(i) Loss on extinguishment of debt for the fiscal year ended March 31, 2002 consists of costs incurred in connection with Coinmach Corp. s refinancing on January 25, 2002.

(5) The computation of EBITDA for the 2005 Fiscal Year has not been adjusted to take into account transaction costs aggregating approximately $17.4 million in connection with the IDS Transactions consisting of (a) approximately $11.3 million of redemption premium on the portion of the Coinmach Corp. 9% notes redeemed, (b) the write-off of deferred financing costs relating to the redemption of the Coinmach Corp. 9% notes and the term loans repaid aggregating approximately $3.5 million, (c) expenses relating to the amendment on November 15, 2004 of the Coinmach Corp. credit facility, aggregating approximately $1.8 million, and (d) special bonuses to senior management related to the IDS Transactions aggregating approximately $0.8 million. The computation of EBITDA for the 2002 Fiscal Year has not been adjusted to take into account transaction costs consisting of costs incurred in connection with Coinmach Corp. s refinancing on January 25, 2002.

(6) EBITDA margin represents EBITDA as a percentage of revenues. Management believes that EBITDA margin is a useful measure to evaluate our performance over various sales levels. EBITDA margin should not be considered as an alternative for measurements determined in accordance with U.S. generally accepted accounting principles.

(7) Operating margin represents operating income as a percentage of revenues.

(8) Capital expenditures represent amounts expended for property, equipment and leasehold improvements, as well as for advance location payments to location owners. Acquisition capital expenditures represent the amounts expended to acquire local, regional and multiregional route operators.

(9) Includes the results of operations for the period July 1, 2000 to March 31, 2001, representing the results subsequent to the going private transaction (the Going Private Transaction).

(10) As a result of the Going Private Transaction that was accounted for using the purchase method of accounting, and due to a practice known as push down accounting, as of July 1, 2000 (the beginning of the accounting period closest to the date on which control was effective), Coinmach

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Corp. adjusted its consolidated assets and liabilities to their estimated fair values, based on valuations, estimations and other studies. Therefore, the financial state portion of our machines at approximately one-third the cost of acquiring new machines, providing cost savings. Remanufactured machines are restored to virtually new condition with the same estimated average life and service requirements as new machines. Machines that can no longer be remanufactured are added to our inventory of spare parts.

Revenue Collection and Security

We believe that we provide the highest level of security for revenue collection control in the laundry equipment services industry. We utilize numerous precautionary procedures with respect to cash collection, including frequent alteration of collection patterns and extensive monitoring of collections and personnel. We enforce stringent employee standards and screening procedures for prospective employees. Employees responsible for, or who have access to, the collection of funds are tested randomly and frequently. Additionally, our security department performs trend and variance analyses of daily collections by location. Security personnel monitor locations, conduct investigations, and implement additional security procedures as necessary.

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Description of Complementary Operations

Rental Operations

AWA is involved in the business of leasing laundry equipment and other household appliances and electronic items to corporate relocation entities, property owners, managers of multi-family housing properties and individuals. With access to approximately six million individual housing units, we believe this business line represents an opportunity for growth in a new market segment which is complementary to its route business. AWA is the product of two platform acquisitions which were consummated in 1997 and 1998 in Georgia and Texas. As of September 30, 2005, we have organically grown AWA s operations across 28 states. For the fiscal year ended March 31, 2005 and the six months ended September 30, 2005, revenue generated by AWA represented approximately 6% and 7% of our total revenue, respectively.

Distribution Operations

Super Laundry, our indirect wholly owned subsidiary, is a laundromat equipment distribution company which was incorporated in 1995. Super Laundry s business consists of constructing complete turnkey retail laundromats, retrofitting existing retail laundromats, distributing exclusive and non-exclusive lines of commercial coin and non-coin operated machines and parts, and selling service contracts. Super Laundry s customers generally enter into sales contracts pursuant to which Super Laundry constructs and equips a complete laundromat operation, including location identification, construction, plumbing, electrical wiring and all required permits. In addition, Super Laundry, through its wholly owned subsidiary, ALFC, builds and develops laundromat facilities for sale as franchise locations. For the fiscal year ended March 31, 2005 and the six months ended September 30, 2005, revenue generated by Super Laundry represented approximately 6% and ments presented for the Post-Going Private Transaction period are not comparable to the financial statements presented for the Pre-Going Private Transaction period. Had the Going Private Transaction taken place at April 1, 2000, on an unaudited pro-forma basis, depreciation and amortization and net loss would have been $3.5 million higher than reported for the Pre-Transaction period ended June 30, 2000. This includes the results of operations for the period April 1, 2000 to June 30, 2000, representing the results prior to the Going Private Transaction. For more information regarding the Going Private Transaction, please see Business General Development of Business.

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RISK FACTORS

An investment in the shares of Class A common stock involves a number of risks. In addition to the other information contained in this prospectus, prospective investors should give careful consideration to the following risk factors.

Risks Relating to the Offering

We have substantial indebtedness which could restrict our ability to pay dividends with respect to the shares of our Class A common stock and could adversely affect our financing options and liquidity position.

We have now and, following this offering, will continue to have a substantial amount of indebtedness. As of September 30, 2005, we had total indebtedness of $698.3 5% of our total revenue, respectively.

Our Industry

The laundry equipment services industry is characterized by stable operating cash flows generated by long-term, renewable lease contracts with multi-family housing property owners and management companies. Based upon industry estimates, we believe there are approximately 3.5 million installed machines in multi-family properties throughout the United States, approximately 2.4 million of which have been outsourced to independent operators such as us and approximately 1.1 million of which continue to be operated by the owners of such locations, which we refer to as owner operators.

We believe the industry s consistent revenue and operating cash flows are primarily due to the long-term nature of location leases and the stable demand for laundry services. When new or renewal leases are signed, industry participants incur initial costs including the cost of washers and dryers, laundry room leasehold improvements and, at times, advance location payments. Property owners and landlords are typically responsible for utilities. Moreover, as the useful life of laundry equipment typically extends throughout the term of the contract pursuant to which it is installed, incremental capital requirements including working capital to service such contracts are not significant. Hence, the industry s operating cash flows and capital requirements are predictable.

Historically, the industry has been characterized by stable demand and has generally been resistant to changing market conditions and economic cycles. While the industry is affected by changes in occupancy rates of residential units, the effect of such changes is limited as laundry services are a necessity for tenants.

Our substantial indebtedness could have important consequences for you as a holder of Class A common stock. For example, our substantial indebtedness could:

- make it more difficult for us to pay dividends on our common stock;
- reduce or eliminate your ability to recover any of your investment in any bankruptcy proceedings involving us;
- limit our flexibility to adjust to changing market conditions, reduce our ability to withstand competitive pressures and increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to borrow additional amounts for working capital, capital expenditures, future business opportunities, including strategic acquisitions, and other general corporate requirements or hinder us from obtaining such financing on terms favorable to us or at all;
- limit our ability to raise cash through the issuance of additional securities;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, future business opportunities and other general corporate purposes;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and

limit our ability to refinance our indebtedness.

You may not receive the level of dividends provided for in our dividend policy or any dividends at all.

Following the completion of this offering, we expect to continue to pay quarterly dividends on our Class A common stock at the rate set forth in our dividend policy. However, our board of direargin-right: 0; margin-bottom: 0; color: #000000; background: #ffffff;"> The laundry equipment services industry remains highly fragmented, with many small, private and family-owned route businesses operating throughout all major metropolitan areas in the United States. According to information provided by the Multi-housing Laundry Association, the industry consists of over 280 independent operators. We believe that the highly fragmented nature of the industry, combined with the competitive advantages associated with economies of scale, will lead to further consolidation within the industry.

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Competition

The laundry equipment services industry is highly competitive, capital intensive and requires reliable and quality service. Despite the overall fragmentation of the industry, we believe there are currently three multi-regional route operators, including us, with significant operations throughout the United States. Our two major multi-regional competitors are Web Service Company, Inc. and Mac-Gray Corp.

We believe our most significant competitive strength is our ability to maximize commissions and/or make advance location payments to location owners while maintaining the highest level of service. We are significantly larger than the next largest competitor, and we are the only provider with a national presence. As such, we can spread our overhead costs over a larger machine base, allowing us a competitive advantage by offering more attractive pricing terms to our customers. In addition, our national presence enables us to offer large national customers broader coverage in order to service a wider range of their properties.

Our Competitive Strengths

Market Leadership Position. This makes us the industry s leading provider, with 19% of the total installed machine base in North America. Our two largest competitors each represent less than 10% of such total installed machine base, and the remainder is highly fragmented. We believe that our national reputation for superior service, the structure of our contracts and the strength of our long-term customer relationships have allowed us to retain a large portion of our location leases and installed machine base over the years.

Recurring Revenues and Stable Operating Cash Flows. We derived 88% of our revenues for the twelve months ended September 30, 2005, from our route business, primarily under long-term contracts with property management companies, owners of rental apartment buildings, condominiums and cooperatives, universities and other multi-family housing properties. Our recurring revenue base, stable capital expenditure requirements and minimal working capital requirements allow us to maintain predictable and consistent operating cash flows.

Diversified Customer Base. No one customer accounts for more than 2% of our total revenues, with our ten largest customers representing less than 10% of our total revenues in the aggregate. As a result, the loss of any existing customer would not have a material impact on our revenues or cash flows. In addition, our contract expirations are staggered, further mitigating the impact of any individual contract renewal or loss.

Regional Operations with National Leadership. Our operating structure allows us to operate in a decentralized manner while at the same time maintaining centralized policies and controls. This structure enables regional offices to provide tailored support to local customers, while benefiting from a central corporate structure capable of providing advanced computer systems and management support. In addition, our structure allows regional managers to adapt operations and financial decision making criteria to the unique cost structures attributable to each region. Each regional manager s compensation is linked to the financial performance of their region.

Significant Economies of Scale. We are able to leverage our infrastructure, including our sales, service, collections, security and corporate overhead, over a larger installed machine base than our competitors. Furthermore, we believe that we are able to purchase machines at a lower cost and on more favorable terms than those available to smaller industry participants. As a result of our size, scale and financial resources, we believe that we can offer more attractive lease terms (including advance locations payments, new equipment and capital improvements) than those offered by our competitors, while still meeting our cash flow and return on investment criteria.

Subject to certain limitations, we may redeem all or part of our then outstanding Class B common stock. Any exercise by us of such redemption rights will reduce cash available for Class A common stock dividend payments. See Description of Capital Stock Common Stock Redemption of Class B Common Stock Redemption of Class B Common Stock by CSC. Due to our currently contemplated cash uses, including dividend payments, we do not expect to retain enough cash from operations to be able to pay our outstanding indebtedness when it matures or when principal payments (other than regularly scheduled amortization payments under the Coinmach Corp. credit facility) on such indebtedness otherwise become due. Therefore, cash available for dividends will be reduced when such payments are required, unless such indebtedness is refinanced prior to such time. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Future Capital Needs and Resources.

In addition, any future issuances of Class A common stock, including but not limited to issuances pursuant to existing CSC benefit plans, will increase the number of outstanding Class A common stock shares and consequently make it more difficult for us to pay dividends on the Class A common stock at the dividend rate set forth in our dividend policy. See Management Equity-Based Incentive Plans.

The earliest that the subordination of payment of any cash dividends on the Class B common stock may terminate is the fiscal year ending March 31, 2008, and all shares of Class B common stock will then be equally entitled to cash dividend payments with all shares of Class A common stock, subject to the Class B common stock step up dividend right described below. Therefore, any cash set aside for dividends will have to be shared by the holders of the Class A common stock and Class B common stock on a *pro rata* basis. Since under these circumstances less cash will be available to the holders of Class A common stock, we may be forced to reduce cash dividends on the Class A common stock.

Following the termination of the subordination provisions, each share of Class B common stock will be entitled to a step up dividend of 105% of the aggregate amount of dividends declared on each share of Class A common stock for the four fiscal quarters occurring during any fiscal year ending after March 31, 2007 (unless, solely with respect to the fiscal years ended March 31, 2008 and March 31, 2009, the Subordination Termination Conditions have not been satisfied with respect to such fiscal year). Any excess payments in cash will reduce cash available for future Class A common stock dividend payments, which may force us to reduce such Class A common stock dividend payments. See Description of Capital Stock.

Advanced Management Information Systems. We believe that we have the most advanced management information systems in our industry. Our integrated computer systems provide real time operational and competitive data that, in conjunction with our multi-regional service capabilities, enhance

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our efficiencies throughout our operating regions and enable us to deliver superior customer service. These integrated computer systems also provide us the flexibility to integrate acquisitions on a timely basis, including key functions such as sales, service, collections and security. We also believe that these computer systems will allow us to pursue opportunities outside of our route business.

Secure System for Revenue Collection. We believe that we provide the highest level of security for revenue collection control in the outsourced laundry equipment services industry. We utilize numerous precautionary procedures with respect to cash collection, including frequent alteration of collection patterns and extensive monitoring of collections and personnel. Security personnel monitor locations, conduct investigations and implement additional security procedures as necessary. Additionally, our security department performs trend and variance analyses of daily collections by location.

Experienced Senior Management Team. We have a strong and experienced management team at the corporate and operating levels. Our senior management on average has been involved in the laundry equipment service industry and has been affiliated with us and our predecessors for over 20 years. We believe the skill and experience of our management team continue to provide significant benefits to us as we evaluate opportunities to enhance and expand our business.

Our Strategy

Our business strategy is to maintain and enhance our market leadership position as the leading supplier of outsourced laundry equipment services for multi-family housing properties in North America. Our growth strategy is to increase cash flow from operations and profitability through a combination of organic and external growth, through which we expect to achieve additional economies of scale. We also intend to enter segments of our industry that complement our stable route business.

Organic Growth. The principal factors contributing to our organic growth include:

> *New Customers and Locations.* Our sales and marketing efforts focus on adding new customers as well as increasing the number of locations from our existing customers. We add new customers by marketing our products and services to building managers and property owners whose leases with other laundry equipment services providers are near expiration or who currently manage their own laundry facilities. According to information provided by the Multi-housing Laundry Association, there are approximately 1.1 million machines installed in locations that continue to be managed by owner-operators. Building owners or managers can eliminate cash outlays and equipment servicing costs by contracting with us to purchase, service and maintain laundry equipment. We offer a full range of services from the design, construction and installation of new laundry equipment facilities to the refurbishment of existing facilities which we believe provides us a competitive advantage in securing new customers.

Delaware law also restricts our (and our subsidiaries) ability to pay dividends. Under Delaware law, our board of directors and the boards of directors of our corporate subsidiaries may declare dividends only to the extent of our (and each of their) surplus, which is total assets at current value minus total liabilities at current value (as each may be determined in good faith by our and their respective boards of directors), minus statutory capital, or if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

If we have insufficient cash flow to cover dividend payments under our dividend policy or to make such payments in compliance with the indenture governing the 11% notes, we will need to reduce or eliminate dividends or, to the extent permitted under our debt agreements, fund a portion of our dividends with additional borrowings.

Our dividend policy contemplates a quarterly cash dividend of approximately $0.20615 per share of Class A common stock. Based on a review and analysis conducted by our management, and assuming that the overallotment is exercised by our underwriters in full and the number of shares of Class A common stock outstanding will not increase prior to December 31, 2006, we believe that in order to pay cash dividends on our Class A common stock as set forth in our dividend policy, our EBITDA for each period consisting of the four consecutive fiscal quarters following the closing of this offering would need to

be at least $ million. See Dividend Policy and Restrictions Our Dividend Rate Basis for Dividend Rate.

If our EBITDA is below our expectations or if our assumptions as to capital expenditures or interest expense were too low or our assumptions as to the sufficiency of the Coinmach Corp. credit facility to finance our working capital needs were incorrect, we may be required to do one or more of the following: (i) reduce our capital expenditures, (ii) fund capital expenditures or other costs and expenses with borrowings under the Coinmach Corp. credit facility, (iii) evaluate other funding alternatives, such as capital markets transactions, refinancing or restructuring our consolidated indebtedness, asset sales, or financing from third parties, or (iv) seek an amendment, waiver or other modification from requisite lenders under the Coinmach Corp. credit facility and/or holders of Coinmach Corp. s 9% notes, in each case to the extent the inaccuracy of our assumptions resulted in Coinmach Corp. failing to satisfy the applicable restrictions contained in the Coinmach Corp. credit facility or the indenture governing the Coinmach Corp. 9% notes and Coinmach Corp. was limited from making dividends or distribution to us. Additional sources of funds may not be available on commercially reasonable terms or at all or may not be permitted pursuant to the terms of our existing indebtedness.

Furthermore, if our EBITDA for the four consecutive fiscal quarters following the closing of this offering were to be below $ million and as a result, we failed to satisfy the minimum EBITDA covenant under the Coinmach Corp. credit facility, we would be required to seek an amendment, waiver or other modification f valign="top"> *Operating Efficiencies.* We focus on improving our net contribution per machine by increasing operating efficiencies. Each additional location added to our existing base provides us the ability to further leverage our well-developed operating infrastructure and positions us to achieve higher returns on our established base. *Price Changes.* We actively monitor our installed base to identify those locations in which to implement price changes. Pricing strategy is established at the corporate level, and implemented by the regional managers, at their discretion, as local competition and other factors unique to a local region are analyzed in determining the efficacy of price changes. Since our regional managers compensation is linked to the financial performance of their region, they are provided certain latitude to implement pricing changes and other operational policies to maximize the revenues and operating cash flow of their local business. *Disciplined Approach to Capital Expenditures.* Whether a new contract or an acquisition, we are focused on the ability to generate the revenues and operating cash flow to validate any capital investment decision. As such, every new contract, renewal and/or acquisition undergoes a comprehensive financial analysis to ensure that our return criteria are met.

Continued Development of Integrated Computer Systems. While we believe that we have the most advanced management information systems in the industry, we are constantly working with our vendors to upgrade our integrated computer systems, given the rapid changes in technology. To that end, we initiated a comprehensive program through which we will improve communications among our regions and maximize cost savings, including programs related to field service management sales force automation, and business intelligence. We invested approximately $2.7 million in this program in the fiscal year ended March 31, 2005 and approximately $2.5 million in the six months ended September 30, 2005, with an additional $2.0 million budgeted for the remainder of the current fiscal year. We believe that the results of this investment program will result in improved financial performance through increased operational efficiency, quicker response time and reduced costs.

Expansion of Rental Opportunities. We believe that AWA is well-positioned for growth in both new and existing markets. As a result, we will continue to evaluate our investment opportunities in AWA, including in laundry equipment, computer systems, and regional offices to improve customer service and reduce operating costs.

External Growth. The principal factors contributing to our external growth include:

Growth Through Disciplined Acquisitions. While the number of significant acquisition opportunities has diminished, due in part to our successful execution of our acquisition strategy, we have focused our efforts over the past several years on selectively acquiring smaller routes within our fragmented industry. We believe that there are numerous private, family-owned businesses that often lack the financial resources to compete effectively with larger independent operators such as us to secure new or existing contracts. Consequently, such independent rom the requisite lenders under the Coinmach Corp. credit facility to waive any resulting default and permit Coinmach Corp. to make distributions to us. If we were to use working capital or permanent borrowings to fund dividends, we would have less cash and/or borrowing capacity available for future dividends and other purposes, which could negatively impact our future liquidity, our ability to adapt to changes in our industry and our ability to expand our business. In addition to any of the foregoing options that may be available to us, our board of directors may at any time and in its absolute discretion reduce the level of dividends provided for in our dividend policy or eliminate such dividends entirely.

We may be able to incur substantially more indebtedness, which could exacerbate the risks described above.

We may be able to incur substantial amounts of additional indebtedness in the future, including indebtedness resulting from issuances of separate 11% notes or additional IDSs. While the indenture governing the 11% notes and the terms of our other indebtedness will limit our and our subsidiaries ability to incur additional indebtedness, those limitations will be subject to a number of exceptions. Any additional indebtedness incurred by us could increase the risks associated with our substantial indebtedness.

We are a holding company with no direct operations and, therefore, our ability to pay dividends on our Class A common stock depends on cash flow from our subsidiaries.

We are a holding company with no operations. Consequently, we depend on dividends and other distributions or intercompany transfers from our subsidiaries (including principal and interest payments under the intercompany note from Coinmach Corp.) to pay cash dividends on our Class A common stock. In addition, distributions and intercompany transfers to us from our subsidiaries depend on:

their earnings;

covenants contained in our and their debt agreements, including the amended Coinmach Corp. credit facility, the indenture governing the Coinmach Corp. 9% notes and the indenture governing the

11% notes;

covenants contained in other agreements to which we or our subsidiaries are or may become subject;

business and tax considerations; and

applicable law, including laws regarding the payment of dividends and distributions.

Restrictions on Coinmach Corp. s ability to pay dividends contained in the indenture governing the Coinmach Corp. 9% notes and the Coinmach Corp. credit facility are different, and potentially more restrictive, than the restrictions on CSC s ability to pay dividends contained in the indenture governing the 11% notes. Therefore, circumstances may arise where, although CSC would be permitted to pay dividends under the indenture governing the 11% notes, Coinmach Corp. would be unable to provide CSC with the cash to actually pay such dividends. See Dividend Policy and Restrictions Limitations on Our Ability to Pay Dividends Indenture Governing the Coinmach Corp. 9% Notes and The Coinmach Corp. Credit Facility.

Payment of dividends, if any, are not guaranteed by us or by any of our subsidiaries, and declaration and payment of any dividends to us are subject to the discretion of our subsidiaries respective boards of directors.

We cannot assure you that the operating results of our subsidiaries will be sufficient to make distributions or other payments to us or that any distributions and/or payments will be adequate to pay the amounts intended under our dividend policy.

Develop Complementary Lines of Business. We believe that our leading market position and our access to over six million individual housing units provide us with additional growth and diversification opportunities both within and beyond our existing laundry business. We believe that our existing sales, service, collections and security infrastructure could potentially be extended into other collections or service-based route businesses that are unrelated to our existing laundry business. We regularly explore strategic alliances with other companies in an effort to develop these ancillary revenue streams, such as payphone and parking meter collection services. For example,we currentln-right: 0; margin-bottom: 0; color: #000000; background: #ffffff;">

Restrictive covenants in our current and future indebtedness could adversely restrict our operating flexibility.

Each of the indentures governing the Coinmach Corp. 9% notes and the 11% notes contains covenants that will restrict the ability of Coinmach Corp. and CSC, respectively, as well as the ability of their respective restricted subsidiaries, to:

- incur additional indebtedness or, in the case of our restricted subsidiaries, issue preferred stock;
- create liens;
- pay dividends or make other restricted payments;
- make certain investments;
- sell or make certain dispositions of assets;
- engage in sale and leaseback transactions;
- engage in transactions with affiliates;
- place restrictions on the ability of their respective restricted subsidiaries to pay dividends, or make other payments, to Coinmach Corp. or CSC; and
- engage in mergers or consolidations and transfers of all, or substantially all of the assets of Coinmach Corp. or CSC, respectively.

In addition, the Coinmach Corp. credit facility contains, and the terms of any other indebtedness that we or our subsidiaries may enter into may contain, other and more restrictive covenants that limit our and our subsidiaries ability to incur indebtedness, and make capital expenditures and limit our subsidiaries ability to make distributions or pay dividends to us. These covenants may also require us and/or our subsidiaries to meet or maintain specified financial ratios and tests. Our ability to comply with the ratios and tests under these covenants may be affected by events beyond our control, including prevailing economic, financial, regulatory or industry conditions. A breach of any of such covenants, ratios or tests could result in a default under the Coinmach Corp. credit facility, the indenture governing the Coinmach Corp. 9% notes and the indenture governing the 11% notes. The Coinmach Corp. credit facility prohibits Coinmach Corp. and its subsidiaries (including AWA, as a guarantor under such credit facility) from making certain distributions in respect of its capital stock while a default or an event of default is outstanding thereunder. If we were unable to repay those amounts, the lenders under the Coinmach Corp. credit facility or holders of the 11% notes, as applicable, could proceed against the security granted to them to secure that indebtedness. If the lenders or holders of the 11% notes accelerated the payment of their indebtedness, our assets may not be sufficient to repay in full our indebtedness, which could prevent you from recovering some or all of your investment in the Class A common stock.

Lack of a significant amount of cash could adversely affect our growth, financial condition and results of operations.

Our ability to make dividend payments, to service our debt obligations, or to fund planned capital expenditures and expand our business, will depend largely upon our future operating performance. Our future operating performance is subject to general economic, financial, competitive, legislative and regulatory factors, as well as other factors that are beyond our control. We cannot assure you that our business will generate enough cash to enable us to pay dividends or our outstanding debt or fund our other liquidity and capital needs. If we are unable to generate sufficient cash to service our debt requirements, we will be required to obtain such capital from additional borrowings or other sources, including:

- sales of certain assets to meet our debt service requirements;
- sales of equity; and
- negotiations with our lenders to restructure the applicable debt.

If we cannot satisfy our cash requirements, our growth, financial condition and results of operations could suffer.

Additionally, our after-tax cash flow available for dividend payments would be reduced if the 11% notes were treated by the Internal Revenue Service, or the IRS, as equity rather than debt for U.S. federal income tax purposes. In that event, the stated interest on the 11% notes could be treated as a dividend, and interest on the 11% notes would not be deductible by us for U.S. federal income tax purposes. Our inability to deduct interest on the 11% notes could materially increase our taxable income and, thus, our U.S. federal and applicable state income tax liability. This could reduce our after-tax cash flow and materially adversely affect our ability to pay dividends on the Class A common stock.

You will experience immediate and substantial dilution if you purchase shares of Class A common stock in this offering.

If you purchase shares of Class A common stock in this offering, you will experience an immediate dilution of $ per share, based on the public offering price per share of $. This dilution per share is attributable to our tangible book deficit for each share of Class A common stock outstanding immediately after this offering. Our net tangible book deficit as of September 30, 2005, on a *pro forma* basis after giving effect to this offering, would have been approximately $ million, or $ per share of Class A common stock. See Dilution.

Voting control of us by Holdings may create conflicts of interest.

Following this offering, Holdings will control approximately % of our voting power and therefore will exert substantial control over our business and over matters submitted to our stockholders for approval. Furthermore, as of November 16, 2005 GTCR, which controls Holdings, separately controls an additional approximately 3% of our voting power by virtue of the ownership of 2,199,413 IDSs, which were purchased by certain GTCR affiliates in the IPO. Such voting control could have the effect of delaying, deferring or preventing a change in control, merger or tender offer of us, which would deprive you of an opportunity to receive a premium for your Class A common stock and may negatively affect the market price of the Class A common stock. Moreover, Holdings could effectively receive a premium for transferring ownership to third parties that would not inure to your benefit.

The interests of the equity investors and the management investors may conflict with the interests of holders of Class A common stock. These parties may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could disproportionately enhance their equity investment relative to your investment in shares of Class A common stock.

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The separate public trading market for IDSs and the ability to separate and create IDSs may diminish the value of your investment in shares of Class A common stock.

Our IDSs are listed for trading on the American Stock Exchange. We have applied to separately list on the our shares of Class A common stock not held in the form of IDSs. An IDS holder may separate its IDSs into shares of Class A common stock and 11% notes at any time. In addition, upon the occurrence of certain events IDSs will automatically and, in some cases, permanently, separate. Conversely, subject to limitations, a holder of separate shares of Class A common stock and 11% notes can combine such securities to form IDSs. See Description of IDSs. Separation and creation of IDSs will automatically result in increases and decreases, respectively, in the number of publicly traded shares of Class A common stock not in the form of IDSs.

We cannot predict what effect separate trading markets in IDSs and shares of Class A common stock not in the form of IDSs, or fluctuations in the separately held shares of Class A common stock, will have on the value of such separately held shares. If the value of separately held shares of Class A common stock is deemed to be less than the value of the same security underlying an IDS, creation of IDSs by combining such separate shares with then available 11% notes may become more attractive. In connection with the IPO, we issued $20 million aggregate principal amount of 11% notes separate and apart from the IDSs, which separate notes are identical to the 11% notes underlying IDSs. Therefore, holders of separate shares of Class A common stock, including purchasers of the shares offered hereby, could combine such separate 11% notes to form an even greater number of IDSs than the number initially issued in the IPO.

Any reduction in the number of separately held shares of Class A common stock would decrease the liquidity for the remaining shares held separately, which could further diminish the value of such shares. Furthermore, creation of additional IDSs may result in the delisting of Class A common stock from the by reducing the number of shares traded separately to below the minimum required amount for listing on the exchange.

You will not be a registered holder of shares of Class A common stock and therefore will be reliant on your broker or other financial institution to monitor and maintain your position and to provide you with information distributed to stockholders of record.

The shares of Class A common stock will be issued in book-entry form only. This means that, as a holder of such shares, you will be a beneficial and not a registered holder of such shares, and you will not receive a certificate for your shares. While all holders of common stock are entitled under Delaware law to receive a certificate representing the shares of common stock owned by them, the shares represented by such certificate may not be used to create IDSs unless and until they are returned to book-entry form.

A holder of Class A common stock in book-entry form must rely on its broker or other financial institution maintaining its book-entry position to receive the benefits and exercise the rights of a holder of such securities. See Description of Capital Stock Common Stock Class A Common Stock Book-Entry Settlement and Clearance.

General Development of Business

Our original predecessor entity was founded over 50 years ago as a private, family-run business with operations in New York. Since then the business has grown organically under its founders and subsequent owners.

Laundry Corp., our direct wholly owned subsidiary, was incorporated on March 31, 1995 under the name SAS Acquisitions Inc. in the State of Delaware and is the sole stockholder of all of the common

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stock of Coinmach Corp., our primary operating subsidiary. In November 1995, The Coinmach Corporation, a Delaware corporation and predecessor of Coinmach Corp. which we refer to as TCC, merged with and into Solon Automated Services, Inc., which we refer to as Solon. In connection with the merger with Solon, Laundry Corp. changed its name from SAS Acquisitions Inc., and Solon, the surviving corporation in the Solon Merger, changed its name to Coinmach Corp.

Since January 1995, we have enhanced our national presence by completing nine significant acquisitions (as well as numerous smaller acquisitions that we refer to as tuck ins) and growing our washer and dryer machine base. As a result of this strategy, we have expanded our presence from the northeastern United States throughout North America.

On May 12, 2000, Laundry Corp. entered into an Agreement and Plan of Merger with CLC Acquisition Corporation, a Delaware corporation which we refer to as CLC Acquisition and which was formed by Bruce V. Rauner, a director of us, Coinmach Corp. and Laundry Corp., a member of the Holdings board and a principal of the indirect general partner of GTCR Fund IV, Laundry Corp. s then-largest stockholder. Pursuant to the merger agreement, CLC Acquisition acquired all of Laundry Corp. s outstanding common stock and non-voting common stock for $14.25 per share in a two-step going-private transaction consisting of a tender offer followed by a merger transaction of CLC Acquisition with and into Laundry Corp. Effective July 13, 2000, CLC Acquisition was merged with and into Laundry Corp. pursuant to the terms of the merger agreement. Laundry Corp. s Class A common stock was subsequently delisted from The NASDAQ Stock Market, and Laundry Corp. no longer was subject to the reporting requirements of the Exchange Act. We refer to the foregoing transactions collectively as the Going Private Transaction.

The AWA Transactions

On November 29, 2002, Coinmach Corp. transferred all of the assets of the Appliance Warehouse division of Coinmach Corp. to AWA. The value of the assets transferred as determined by an independent appraiser as of such date was $34.7 million. In exchange for the transfer of such assets, AWA issued to Coinmach Corp. (i) an unsecured promissory note payable on demand in the amount of $19.6 million which accrues interest at a rate of 8% per annum, (ii) 1,000 shares of AWA voting preferred stock, with a liquidation value of $14.6 million, and (iii) 10,000 shares of AWA non-voting common stock.

In March 2003, through a series of restructuring transactions, which we refer to herein as the AWA Transactions, all of the AWA non-voting common stock and all of the outstanding capital stock of Laundry Corp. was contributed to Holdings in exchange for equity interests (in the form of common and preferred membership units) in Holdings. As a result of the AWA Transactions, (i) Holdings became the sole holder of all of the outstanding AWA non-voting common stock, (ii) Coinmach Corp. became the sole holder of all of the outstanding AWA voting preferred stock, (iii) Laundry Corp. became a wholly owned subsidiary of Holdings, (iv) the former stockholders of Laundry Corp. became unitholders of Holdings and (v) AWA, subject to certain specified qualifications, became a guarantor under, and subject to the covenants contained in, the indenture governing the Coinmach Corp. 9% notes and the Coinmach Corp. credit facility. Currently all of the AWA non-voting common stock is held by CSC and all of the AWA voting preferred stock is held by Coinmach Corp.

The IDS Offering and Related Transactions

On November 24, 2004, we completed our initial public offering of 18,911,532 IDSs (including a partial overallotment exercise by the underwriters) and $20.0 million aggregate principal amount of 11% notes sold separate and apart from the IDSs. In connection with the IPO, we completed the IDS Transactions. As a result of the IDS Transactions, Holdings became our controlling stockholder through its consolidated ownership of all of our Class B common stock, which is entitled to more votes per share than the Class A common stock. In addition, AWA became our wholly-owned indirect subsidiary and Laundry Corp. and its subsidiaries (including Coinmach Corp.) became our subsidiaries.

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Employees

As of September 30, 2005, we employed 2,015 employees (including 287 laundromat attendants in our retail laundromats in Texas and Arizona). In our Northeast region, 115 hourly workers are represented by Local 966, affiliated with the International Brotherhood of Teamsters. We believe that we maintain a good relationship with these union employees and we have never experienced a work stoppage since our inception.

Properties

As of September 30, 2005, we leased 61 office ***If an active trading market for the shares of Class A common stock does not develop, their liquidity and value could be harmed. The price of the shares of Class A common stock could be subject to volatile fluctuations.***

The shares of our Class A common stock do not have a public market history as a separately traded security. In addition, we are unaware of any issuer in the United States of IDSs or similar securities having created a simultaneous separate public trading market for the equity component of such IDS or similar security. Although we have applied to list the shares of Class A common stock on the , we cannot assure you that an active trading market for such shares will develop. If no active trading market develops, you may not be able to resell the Class A common stock at their fair market value or at all.

The public offering price for the shares of Class A common stock is determined by negotiations among us, the equity investors, the management investors and the representatives of the underwriters and may not be indicative of the market price after this offering. Factors such as quarterly variations in our financial results, announcements by us or others, developments affecting us and our customers and general market volatility could cause the market price of the Class A common stock to fluctuate significantly.

Future sales or the possibility of future sales of a substantial amount of shares of Class A common stock or IDSs may depress the price of the shares of Class A common stock, including the shares offered hereby.

Future sales or the availability for sale of substantial amounts of shares of Class A common stock or IDSs in the public market could adversely affect the prevailing market price of shares of Class A common stock and could impair our ability to raise capital through future sales of our securities.

We may issue shares of our Class A common stock, which may be in the form of IDSs, or other securities from time to time as consideration for future acquisitions and investments. In the event any such acquisition or investment is significant, the number of shares of our Class A common stock, which may be in the form of IDSs, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be significant. In addition, we may also grant registration rights covering those IDSs, shares of Class A common stock, or other securities in connection with any such acquisitions and investments.

From time to time our employees may be granted equity-based performance incentives pursuant to existing CSC benefit plans, which might include the issuance of new shares of Class A common stock or IDSs. New issuances of Class A common stock or IDSs under such plans would have a dilutive effect on our earnings per share, and could reduce the fair market value of Class A common stock. See Management Equity-Based Incentive Plans.

Any sales or distributions of shares of our Class A common stock or IDSs would dilute our earnings per share and the voting power of each share of common stock outstanding prior to such sale or distribution, and could adversely affect the prevailing market price of our Class A common stock. As a result you could experience a significant loss in the value of your investment.

Risks Relating to Our Business

We have a history of net losses and may not generate profits in the future.

We have experienced net losses in each fiscal year since 2000. We incurred net losses of approximately $21.9 million and $3.3 million for the twelve months and six months ended September 30, 2005, respectively, and $35.3 million for the fiscal year ended March 31, 2005. These losses have resulted from a variety of costs including, but not limited to, non-cash charges such as depreciation and amortization of intangible assets and debt financing costs resulting from our growth strategy. Continuing net losses limit our ability to service our debt and fund our operations. We may not generate net income from operations in the future.

Our business could suffer if we are unsuccessful in negotiating lease renewals.

Our business is highly dependent upon the renewal of our lease contracts with property owners and management companies. We have historically focused on obtaining long-term, renewable lease contracts, and management estimates that approximately 90% of our locations are subject to long-term leases with initial terms of five to ten years. If we are unable to secure long-term exclusive leases on favorable terms or at all, or if property owners or management companies choose to vacate properties as a result of economic downturns that impact occupancy levels, our growth, financial condition and results of operations could be adversely affected. See Business Business Operations Description of Principal Operations Location Leasing.

We may not be able to successfully identify attractive tuck-in acquisitions, successfully integrate acquired operations or realize the intended benefits of acquisitions.

We evaluate from time to time opportunities to acquire local, regional and multi-regional route businesses. This strategy is subject to numerous risks, including:

- an inability to obtain sufficient financing to complete our acquisitions;
- an inability to negotiate definitive acquisition agreements on satisfactory terms;
- difficulty in integrating the operations, systems and management of acquired assets and absorbing the increased demands on our administrative, operational and financial resources;
- the diversion of our management s attention from their other responsibilities;
- the loss of key employees following completion of our acquisitions;
- the failure to realize the intended benefits of our acquisitions; and
- our being subject to unknown liabilities.

Our inability to effectively address these risks could force us to revise our business plan, incur unanticipated expenses or forego additional opportunities for expansion.

If our required capital expenditures exceed our projections, we may not have sufficient funding, which could adversely affect our growth, financial condition and results of operations.

We must continue to make capital expenditures relating to our route business to maintain our operating base, including investments in equipment, advance location payments and laundry room improvements. Capital expenditures in connection with maintaining and expanding our machine base for the twelve months and six months ended September 30, 2005, respectively, were approximately $70.2 million (excluding approximately $1.2 million relating to acquisitions and $4.8 million relating to capital lease payments) and approximately $36.6 million (excluding approximately $1.2 million relating to acquisitions and $2.7 million relating to capital lease payments) and for the fiscal year ended March 31, 2005 were approximately $70.3 million (excluding approximately $0.6 million relating to acquisitions and $4.3 million related to capital lease payments). We may have unanticipated capital expenditure requirements in the future. If we cannot obtain such capital from increases in our cash flow from operating activities, additional borrowings or other sources, our growth, financial condition and results of operations could suffer materially.

Reduced occupancy levels could adversely affect us.

Extended periods of s throughout our operating regions serving various operational purposes, including sales and service activities, revenue collection and warehousing. A significant portion of our leased properties service our route operations.

We presently maintain our headquarters in Plainview, New York, leasing approximately 11,600 square feet pursuant to a ten-year lease scheduled to terminate September 30, 2011. Our Plainview facility is used for general and administrative purposes.

We also maintain a corporate office in Charlotte, North Carolina, leasing approximately 3,000 square feet pursuant to a five-year lease scheduled to terminate September 30, 2006.

Legal Proceedings

We are party to various legal proceedings arising in the ordinary course of business. Although the ultimate disposition of such proceedings is not presently determinable, management does not believe that adverse determinations in any or all such proceedings would have a material adverse effect upon our financial condition, results of operations or cash flows.

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MANAGEMENT

Directors and Executive Officers

The tables below list our directors and executive officers and the executive officers of Holdings and/or our subsidiaries. Such tables are followed by descriptions of all positions and offices held by such persons with us, Holdings and/or our subsidiaries, the periods during which they have served as such and certain other information. The term of office of each director continues until the elections of directors to be held at the next annual meeting of stockholders or until his successor has been elected. There is no family relationship between any director or executive officer and any other director or executive officer of us or our subsidiaries.

CSC. The table below lists our directors and executive officers.

Name	Title	Age
Stephen R. Kerrigan	Chairman of the Board, President, Chief Executive Officer and Director	52
Robert M. Doyle	Chief Financial Officer, Senior Vice President, Secretary and Treasurer	48
James N. Chapman	Director	43
David A. Donnini	Director	40
William M. Kelly	Director	56
Woody M. McGee	Director	54
Bruce V. Rauner	Director	49
John R. Scheessele	Director	58

CSC subsidiaries and/or Holdings. The table below lists the executive officers of Holdings and/or our subsidiaries, as the case may be. Unless otherwise indicated, the officers listed below hold the positions set forth opposite their names for Holdings, Laundry Corp. and Coinmach Corp.

Name	Title	Age
Stephen R. Kerrigan	Chairman of the Board and Chief Executive Officer	52
Mitchell Blatt	President and Chief Operating Officer	54
Robert M. Doyle	Chief Financial Officer, Senior Vice President, Treasurer, Secretary	48
Ramon Norniella	***Our dividend policy may negatively impact our ability to finance our working capital requirements, capital expenditures or operations.*** Further to our dividend policy, since the completion of the IPO our board of directors has distributed to holders of our common stock substantially all of the cash generated by our business in excess of operating needs and amounts needed to service our indebtedness. If, as expected, we maintain our dividend policy and rate of cash dividend payments, we may not retain a sufficient amount of cash to finance growth opportunities that may arise or unanticipated capital expenditure needs or to fund our operations in the event of a significant business downturn. We may have to forego growth opportunities or	

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capital expenditures that would otherwise be necessary or desirable if we do not find alternative sources of financing. If we do not have sufficient cash for these purposes, our financial condition and our business will suffer.

Our business could be adversely affected by the loss of one or more of our key personnel.

Our continued success will depend largely on the efforts and abilities of our executive officers and certain other key employees. We do not maintain insurance policies with respect to the retention of such employees, and our operations could be affected adversely if, for any reason, such officers or key employees do not remain with us. See Management.

Our industry is highly competitive, which could adversely affect our business.

The laundry equipment services industry is highly competitive, capital intensive and requires reliable, quality service. The industry is fragmented nationally, with many small, private and family-owned businesses operating throughout all major metropolitan areas. Notwithstanding the fragmentation of the industry, there are currently three companies, including us, with significant operations in multiple regions throughout the United States. Some of our competitors may possess greater financial and other resources. Furthermore, current and potential competitors may make acquisitions or may establish relationships among themselves or with third parties to increase their ability to compete within the industry. Accordingly, it is possible that new competitors may emerge and rapidly acquire significant market share. If this were to occur, our business, operating results, financial condition and cash flows could be materially adversely affected.

Our business may be adversely affected by compliance obligations and liabilities under environmental laws and regulations.

Our business and operations are subject to federal, state and local environmental laws and regulations that impose limitations on the discharge of, and establish standards for the handling, generation, emission, release, discharge, treatment, storage and disposal of, certain materials, substances and wastes. To the best of management s knowledge, there are no existing or potential environmental claims against us, nor have we received any notification of responsibility for, or any inquiry or investigation regarding, any disposal, release or threatened release of any hazardous material, substance or waste generated by us that is likely to have a material adverse effect on our business or financial condition. However, we cannot predict with any certainty that we will not in the future incur any liability under environmental laws and regulations that could have a material adverse effect on our business or financial condition.

Recently enacted federal legislation concerning energy and water efficiency standards on commercial clothes washers could require a significant increase in our capital expenditures and consequently reduce our profit margins.

Pursuant to recent amendments to the Energy Policy and Conservation Act, commercial clothes washers manufactured after January 1, 2007 will be subject to certain federal energy and water efficiency standards. We have been informed by certain manufacturers that washers not compliant with such standards may be able to be modified without a material increase in cost in order to meet such standards.

However, if manufacturers are unable to make such modifications without material cost increases or at all, implementing machines compliant with such laws could result in increased capital costs (including material and equipment costs), labor and installation costs, and in some cases, operation and maintenance costs. Our capital expenditures, as well as those of other industry participants, may significantly increase in order to comply with such standards. If we are unable to mitigate such increased capital through price increases, we may be unable to recover such costs and our cash flows from operations would be materially adversely affected.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We intend such forward looking statements, including, without limitation, the statements under Management s Discussion and Analysis of Financial Condition and Results of Operations, to be covered by the safe harbor provisions for forward-looking statements in these provisions. These forward-looking statements include, without limitation, statements about our future financial position, adequacy of available cash resources, common stock dividend policy and anticipated payments, business strategy, competition, budgets, projected costs and plans and objectives of management for future operations. These forward-looking statements are usually accompanied by words such as may, will, expect, intend, project, estimate, anticipate, believe, continue and similar expressions. The forward looking information is based on various factors and was derived using numerous assumptions.

Forward-looking statements necessarily involve risks and uncertainties, and our actual results could differ materially from those anticipated in the forward-looking statements due to a number of factors, including those set forth below and in this prospectus. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. We caution readers not to place undue reliance on such statements and undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in this prospectus.

Certain factors, including but not limited to those listed below, may cause actual results to differ materially from current expectations, estimates, projections, forecasts and from past results:

the restrictive debt covenants and other requirements related to our substantial leverage that could restrict our operating flexibility;

our ability to continue to renew our lease contracts with property owners and management companies;

extended periods of reduced occupancy which could result in reduced revenues and cash flow from operations in certain areas;

our ability to compete effectively in a highly competitive and capital intensive industry which is fragmented nationally, with many small, private and family-owned businesses operating throughout all major metropolitan areas;

compliance obligations and liabilities under regulatory, judicial and environmental laws and regulations, including, but not limited to, governmental action imposing heightened energy and water efficiency standards or other requirements with respect to commercial clothes washers;

our ability to maintain borrowing flexibility and to meet our projected and future cash needs, including capital expenditure requirements with respect to maintaining our machine base, given our substantial level of indebtedness, history of net losses and reduced liquidity resulting from any distributions Coinmach Corp. may make to us should we elect to pay cash dividends on our common stock;

risks associated with expansion of our business through tuck-ins and other acquisitions and integration of acquired operations into our existing business;

the risk of adverse tax consequences should the 11% notes not be respected as debt for U.S. federal income tax purposes;

	President and Secretary of AWA; Senior Vice President of Coinmach Corp.	46
Michael E. Stanky	Senior Vice President	54

Mr. Kerrigan. Mr. Kerrigan has been a director, Chairman of the Board, President and Chief Executive Officer of CSC since March 2004. Mr. Kerrigan has been Chief Executive Officer of Laundry Corp. since May 1996, of Coinmach Corp. since November 1995 and of Holdings since March 2003. Mr. Kerrigan was President and Treasurer of Solon and Laundry Corp. from April 1995 until May 1996, and Chief Executive Officer of TCC from January 1995 until November 1995. Mr. Kerrigan has been a director and Chairman of the Laundry Corp. Board of Directors since April 1995 and of the Coinmach Corp. Board of Directors since November 1995, Chairman of the Board of Holdings since November 2002 and a member of the board of managers of Holdings since March 2003. Mr. Kerrigan was a director of TCC from January 1995 to November 1995 and a director of Solon from April 1995 to November 1995. Mr. Kerrigan served as Vice President and Chief Financial Officer of TCC s predecessor, Coinmach Industries Co., L.P. from 1987 to 1994. Mr. Kerrigan serves as a member of the board of directors of Anchor Glass Container Corporation.

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Mr. Blatt. Mr. Blatt has been President and Chief Operating Officer of Laundry Corp. since April 1996, of Coinmach Corp. since November 1995 and of Holdings since March 2003. Mr. Blatt was the President and Chief Operating Officer of TCC from January 1995 to November 1995. Mr. Blatt was a director of Laundry Corp. and Coinmach Corp. from November 1995 to March 2003. Mr. Blatt joined TCC as Vice President-General Manager in 1982 and was Vice President and Chief Operating Officer from 1988 to 1994.

Mr. Doyle. Mr. Doyle has been CSC s Chief Financial Officer, Senior Vice President, Treasurer and Secretary since December 2003. Mr. Doyle has been Chief Financial Officer, Senior Vice President, Treasurer and Secretary of Laundry Corp. since April 1996, of Coinmach Corp. since November 1995 and of Holdings since November 2002. Mr. Doyle was a director of Coinmach Corp. from November 1995 to March 2003. Mr. Doyle served as Vice President, Treasurer and Secretary of TCC from January 1995 to November 1995. Mr. Doyle joined TCC s predecessor in 1986 as Controller. In 1988, Mr. Doyle became Director of Accounting, and was promoted in 1989 to Vice President and Controller.

risks associated with changes in accounting standards promulgated by the Financial Accounting Standards Board, the SEC or the American Institute of Certified Public Accountants; and other factors discussed elsewhere in this prospectus.

Several important factors, in addition to the specific factors discussed in connection with each forward-looking statement individually, could affect our future results or expectations and could cause those results and expectations to differ materially from those expressed in the forward-looking statements contained in this prospectus. Important factors that could cause actual results to differ materially from our expectations are disclosed under Risk Factors, Dividend Policy and Restrictions and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. Other risks and uncertainties include, among other things, future economic, industry, social, competitive and regulatory changes or developments, demographic trends, financial market conditions, future business decisions and actions of our competitors, suppliers, customers and stockholders and legislative, judicial and other governmental authorities, all of which are difficult or impossible to predict accurately and many of which are beyond our control. These factors, in some cases, have affected, and in the future, together with other factors, could affect, our ability to implement our business strategy and may cause our future performance and actual results of operations to vary significantly from those contemplated by the statements expressed in this prospectus.

You should read this prospectus completely and with the understanding that actual future results may be materially different from what we expect. We will not update these forward-looking statements, even if our situation changes in the future.

Mr. Norniella. Mr. Norniella has been Vice President of Coinmach Corp. since 1998, becoming Senior Vice President in April 2000. Mr. Norniella has been President and Secretary of AWA since its incorporation in November 2002. Mr. Norniella was Vice President and General Manager of Macke Laundry Services, Inc. s Florida region from 1986 through 1992 and its Texas region from 1995 through 1998. Mr. Norniella served as Vice President of Correspondent Banking for Banco del Pichincha from 1993 through 1995.

Mr. Stanky. Mr. Stanky has been Senior Vice President of Laundry Corp. since April 1996, of Coinmach Corp. since November 1995 and of Holdings since November 2002. Mr. Stanky was a Senior Vice President of Solon from July 1995 to November 1995. Mr. Stanky served Solon in various capacities since 1976, and in 1985 was promoted to Area Vice President responsible for Solon s South-Central region. Mr. Stanky served as a Co-Chief Executive Officer of Solon from November 1994 to April 1995.

Mr. Chapman. Mr. Chapman has been a director of CSC since March 2004. Mr. Chapman has been a director of Coinmach Corp. and a member of the board of managers of Holdings since March 2003 and a director of Laundry Corp. since 1995. He previously was a director of Coinmach Corp. from November 1995 to November 1996 and a director of TCC from January 1995 to November 1995. Mr. Chapman is associated with Regiment Capital Advisors, LLC which he joined in January 2003. Prior to Regiment, Mr. Chapman acted as a capital markets and strategic planning consultant with private and public companies, as well as hedge funds, across a range of industries. Prior to establishing an independent consulting practice, Mr. Chapman worked for The Renco Group, Inc. from December

1996 to December 2001. Mr. Chapman serves as a member of the board of directors of Anchor Glass Container Corporation, SSA Global Technologies, Inc. and Teleglobe International Holdings Ltd., as well as a number of private companies.

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USE OF PROCEEDS

The table below includes our estimates of the proceeds from this offering at an assumed price to the public of $ per share of Class A common stock (which is the midpoint of the range of offering prices set forth on the cover page of this prospectus). The estimates below do not take into account any exercise by the underwriters of their overallotment option. Actual amounts may vary from the estimates shown below.

The net proceeds of this offering will be used for working capital and general corporate purposes, which may include potential acquisitions and repurchases of outstanding indebtedness.

Sources	Uses
(in millions)	

Mr. Kelly. Mr. Kelly has been a director of CSC, Laundry Corp. and Coinmach Corp. since August 2005. Mr. Kelly is the President and Chief Operating Officer of Blue Tee Corp., an employee owned company involved in steel distribution, ferrous scrap and in the design and manufacture of equipment and replacement parts for the refining, earthmoving, waterwell, oilfield, concrete pumping and solid waste industries. From 1978 until promotion to his current position, Mr. Kelly served in various operating and financial capacities of the Blue Tee Corp, including Controller and Chief Financial Officer.

From 1972 to 1978, Mr. Kelly was employed by Price Waterhouse & Co, New York, N.Y. Mr. Kelly is a Director of Blue Tee Corp., and serves on its retirement committees. Mr. Kelly is a CPA.

Mr. McGee. Mr. McGee has been a director of CSC, Laundry Corp. and Coinmach Corp. since February 2005. Mr. McGee is the President and Chief Executive Officer of McGee and Associates, LLC, an independent consulting company providing financial, operational and crisis management services to various financial institutions relating to their holdings in private and public companies. Mr. McGee became Chief Executive Officer and Chairman of the Board of Davel Communications Inc. on September 1, 2003 and resigned his position in November of 2004 after completing the restructuring of the company from a sales, administration and operations perspective. Davel Communications Inc. was acquired on November 15, 2004. From June 1999 to December 2000, Mr. McGee served as the Vice President and Chief Financial Officer of Telxon Corporation until such time as it was merged with Symbol Technologies, Inc. Prior to joining Telxon, Mr. McGee was employed as the Senior Vice President and General Manager of H K Systems (formerly known as Western Atlas, Inc.) from 1997. During 1996 and 1997, Mr. McGee held the positions of Vice President, Chief Financial Officer and Treasurer with Mosler, Inc. For a period of five years prior to joining Mosler, Mr. McGee held various positions with the material handlings systems division of Western Atlas, Inc. (formerly known as Litton Industries), including Controller, Chief Financial Officer, Vice President of Operations, Vice President of Sales, and President and Chief Operating Officer of a divisional subsidiary.

Mr. Rauner. Mr. Rauner has been a director of CSC since March 2004. Mr. Rauner has been a director of Coinmach Corp. and a member of the board of managers of Holdings since March 2003 and a director of Laundry Corp. since July 1995. He previously was a director of Coinmach Corp. from November 1995 to November 1996 and a director of TCC from January 1995 to November 1995. Mr. Rauner has been a Principal and General Partner with GTCR since 1984, where he is responsible for originating and making new investments, monitoring portfolio companies and recruiting and training associates. Mr. Rauner serves as a member of the board of directors of a number of private companies.

Mr. Scheessele. Mr. Scheessele has been a director of CSC, Laundry Corp. and Coinmach Corp. since November 2004. Mr. Scheessele is a founding member of T C Graham Associates, LLC and has served as its Vice President, Secretary and Treasurer since June 2001. Prior to T C Graham Associates, LLC, Mr. Scheessele acted as a restructuring consultant for financial institutions relating to their investments in private and public companies. From May 1998 to January 1999, Mr. Scheessele was President and Chief Operating Officer of Acutus Gladwin, a private supplier of caster maintenance to the steel industry. From February 1997 to April 1998, Mr. Scheessele was Chairman, President and Chief Executive Officer of WHX and its wholly owned subsidiary, Wheeling Pittsburgh Steel Company. From January 1996 to February 1997, Mr. Scheessele was President and Chief Executive Officer of the SKD Group, a private manufacturer of automotive parts.

Board of Directors

Our board of directors consists of seven directors, three of whom

Class A common stock

$ Fees, costs and expenses(1) $ General corporate purposes $

Total

$ **Total** $

(1) Amount includes an estimated $ million underwriting discount in connection with this offering and approximately $ million in estimated fees, costs and expenses incurred by us in connection with this offering.

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MARKET PRICE OF IDSs

On November 24, 2004, we completed our initial public offering of 18,911,532 IDSs (including a partial overallotment exercise by the underwriters) and $20.0 mhave been deemed independent by our board of directors, as such term is used under the American Stock Exchange corporate governance and listing standards (which we refer to as the listing standards), the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations of the SEC. The board of directors conducts its business through meetings of the board, actions taken by unanimous written consent in lieu of meetings and by the actions of its committees. Our organizational documents limit the size of our board to not more than eleven members.

We have applied to list the shares of Class A common stock on the and currently list the IDSs on the American Stock Exchange. Since Holdings holds the majority of our voting power, we qualify under the listing standards as a controlled company. A controlled company is defined as a company in which over 50% of the voting power is held by an individual, a group or another company. We have availed ourselves of the exception for controlled companies in the listing standards to the requirement that at least a majority of the board of directors, and all members of the nominating committee and the compensation committee, be independent.

As required by the listing standards for controlled companies, our audit committee is comprised exclusively of independent directors. Pursuant to the listing standards, our board of directors meets each year on at least a quarterly basis. The independent members of the board meet as often as necessary to fulfill their responsibilities as described in the listing standards, including meeting at least once annually in executive session outside of the presence of the non-independent directors and management.

We maintain insurance on behalf of our officers and directors against certain liabilities.

Election of Directors

Our certificate of incorporation does not provide for a classified board of directors and does not provide for cumulative voting in the election of directors. The election of directors to our board of directors at any meeting (or by written consent in lieu of a meeting) is determined by a plurality of the votes entitled to be cast by all the shares of Class A common stock and Class B common stock present in person or represented by proxy voting together as a single class. The holders of shares of Class A common stock are entitled to one vote per share, and the holders of Class B common stock are entitled to two votes per share. However, if at any time Holdings or the Permitted Transferees collectively own less than 25% in the aggregate of our then outstanding shares of Class A and Class B common stock (subject to certain antidilution and other similar adjustments), then at such time and at all times thereafter, the holders of Class B common stock will only be entitled to one vote per share on all matters for which a vote of CSC stockholders is required, including elections to our board of directors. See Description of Capital Stock.

Committees of the Board

The committees of our board of directors consist of an audit committee, a compensation committee and a nominating committee. The audit committee is comprised solely of independent directors. As a controlled company, we are not subject to the requirements of the listing standards regarding nominating committees and compensation committees.

Audit Committee. The audit committee is comprised of the three independent members of our board of directors, Mr. Scheessele, Mr. McGee and Mr. Kelly. Each audit committee member qualifies as financially literate and Mr. Scheessele, the chairperson of the audit committee, qualifies as financially sophisticated, all as determined by the board of directors in accordance with the listing standards.

The audit committee meets each year on at least a quarterly basis. The audit committee assists our board of directors in fulfilling its oversight responsibilities by reviewing and overseeing (i) the preparation, quality and integrity of our financial statements and other financial information, (ii) our system of internal controls, accounting and financial reporting processes and legal and regulatory compliance, (iii) the qualifications, independence and performance of our independent registered public accounting firm, and (iv) the performance of our internal audit function. The audit committee also appoints the independent registered public accounting firm to be retained to audit our financial statements, and once retained, the independent registered public accounting firm reports directly to the audit committee. The audit committee is responsible for pre-approving both audit and non-audit services to be provided by the independent registered public accounting firm.

The audit committee has the power to investigate any matter brought to its attention within the scope of its responsibilities, with full access to all of our books, records, facilities and personnel. To the extent it deems appropriate, it also has the authority to retain independent counsel and advisors in order to carry out its duties.

The audit committee has a written charter. Such charter complies with the listing standards and the applicable rules and regulations of the SEC and, in addition to stating the purpose of the audit committee, describes the duties and responsibilities of the audit committee and delineates how the audit committee carries out those responsibilities. Such duties and responsibilities described in the charter

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include those required to be detailed in the charter pursuant to the listing standards. The audit committee reviews and reassesses the adequacy of the audit committee charter annually.

Compensation Committee. The compensation committee is comprised of three members of our board of directors, Mr. Donnini, Mr. Chapman and Mr. Schessele. Mr. Donnini serves as chairperson of the compensation committee.

Each member of the compensation committee is a non-employee director within the meaning of Rule 16b-3 under the Exchange Act. Currently Mr. Scheessele is the only independent director serving on the compensation committee. We have availed ourselves of the exception for controlled companies in the listing standards to the requirement that the compensation committee be comprised of independent directors.

The compensation committee discharges the board of directors responsibilities relating to compensation of our executive officers. The compensation committee is responsible for evaluating the performance of our executive officers and for determining and approving the compensation level of each executive officer based on its evaluation, including salary, bonus, incentive and equity compensation, as well as establishing general policies relating to compensation and benefits of employees. The compensation committee also administers our incentive-compensation plans and equity-based plans and reviews and recommends to the board of directors compensation for board members, such as retainer, committee chairman fees, stock options and other similar items. In addition, the compensation committee will have the sole authority to retain and terminate any consulting firm to assist in the evaluation of director or senior executive compensation, including sole authority to approve such firm s compensation and retention terms.

The compensation committee has a written charter. Such charter states the purpose and responsibilities of the compensation committee.

Nominating Committee. The nominating committee is comprised of three members of our board of directors, Mr. Donnini, Mr. Chapman and Mr. Schessele. Mr. Donnini serves as chairperson of the nominating committee. Currently Mr. Scheessele is the only independent director serving on the nominating committee. We have availed ourselves of the exception for controlled companies in the listing standards to the requirement that the nominating committee be comprised of independent directors.

The nominating committee oversees matters regarding the composition and effectiveness of the board of directors. The nominating committee, among other things, (i) identifies individuals qualified to become directors and recommends to the board of directors director nominees for election, (ii) identifies and recommends to the board of directors nominees to fill any vacancy on the board of directors, including vacancies created by the approval of new directorships, and (iii) recommends to the board of directors candidates for each committee for appointment by the board of directors. The nominating committee also considers qualifications of nominees recommended by our stockholders. In addition, the nominating committee has the sole authority to retain and terminate any search firm to be used to identify independent director candidates.

The nominating committee has a written charter. Such charter states the purpose and responsibilities of the nominating committee.

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Summary Compensation Table

The following table sets forth all compensation awarded to, earned by or paid to our Chief Executive Officer and the next four most highly compensated executive officers of us and our subsidiaries on a consolidated basis (which we collectively refer to as the named executive officers) who had annual compensation in excess of $100,000 for the 2005 Fiscal Year, the 2004 Fiscal Year and the 2003 Fiscal Year. Unless otherwise indicated, the named executive officers hold the positions set forth under their names for us, Laundry Corp. and Coinmach Corp. The amounts in the table below represent the aggregate compensation received by the named executive officers for all services provided as an officer to Holdings, Laundry Corp., Coinmach Corp. and/or AWA, as the case may be, for the periods indicated. See Directors and Executive Officers for more information regarding the positions held by each of the named executive officers with such entities.

		Long-Term Compensation
	Annual Compensation	**Securities**

DIVIDEND POLICY AND RESTRICTIONS

Pursuant to our dividend policy, we expect to continue to declare and pay regular quarterly dividends on our Class A common stock and dividends no more frequently than annually on our Class B common stock, as described below. Cash generated by us in excess of operating needs, interest and principal payments on indebtedness, and capital expenditures sufficient to maintain our properties and other assets would under this policy generally be distributed or available for distribution as regular cash dividends. This policy reflects our judgment that our stockholders would be better served if we distributed our available cash to them instead of retaining it in our business. **Dividends, however, are payable at the discretion of our board of directors.** Even though we have adopted a dividend policy, nothing requires us to pay dividends. You may not receive any dividends because:

- although our dividend policy contemplates the distribution of our excess cash, this policy can be modified or revoked at any time;
- even if our dividend policy is not modified or revoked, the actual amount of dividends distributed under the policy and the decision to make any distribution is entirely at the discretion of our board of directors;
- the amount of dividends distributed is subject to state law restrictions;
- there is no legal, contractual or other requirement that we pay dividends in the amounts stated, or at all, and the dividends are neither mandatory nor guaranteed;
- we may not have enough cash to pay dividends due to changes in our operating income, working capital requirements, anticipated cash needs, and borrowing capacity (including as a result of borrowings to fund prior dividend payments); and
- the payment of dividends is subject to covenant restrictions in documents or agreements governing our indebtedness:
  - the indenture governing the 11% notes contains a restricted payments covenant that limits our ability to pay dividends;
  - the Coinmach Corp. credit facility requires Coinmach Corp. to meet quarterly financial maintenance tests; and
  - the indenture governing the Coinmach Corp. 9% notes contains a restricted payments covenant that limits Coinmach Corp. s ability to pay dividends.

The covenant described above in the indenture governing the 11% notes permits quarterly dividend payments for the life of the notes to the extent our distributable cash flow exceeds our consolidated interest expense, so long as we satisfy an interest coverage test for the preceding fiscal quarter and no default is continuing. The interest coverage test has the following elements:

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Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Underlying Options/SARs (#)	All Other Compensation (16)($)
Stephen R. Kerrigan	2005	446,250	223,500	163,298(1)		2,157
Chairman of the Board and Chief	2004	446,250	348,125	171,610(2)		2,243
	2003	440,120	497,500	131,952(3)		2,946

Executive Officer; President (CSC)						
Mitchell Blatt	2005	352,753		88,000	236,555(4)	2,157
President and Chief Operating Officer	2004	352,753		113,000	65,893(5)	2,243
(Laundry Corp. and Coinmach Corp.)	2003	350,753		140,000	57,639(6)	3,016
Robert M. Doyle	2005	274,808		75,000	66,221(7)	2,220
Chief Financial Officer, Senior	2004	257,500		89,375	36,856(8)	2,258
Vice President, Secretary and Treasurer	2003	255,337		162,500	32,723(9)	2,324
Ramon Norniella	2005	156,923		26,500	16,000(10)	2,016
President and Secretary (AWA);	2004		our consolidated interest expense must be less than 90% of our distributable cash flow;			

we and our restricted subsidiaries must also have cash or borrowings available in excess of reasonably anticipated consolidated interest expense on outstanding indebtedness and on indebtedness we intend to incur for the two subsequent fiscal quarters; and

we must have amounts available or owed to us from our restricted subsidiaries sufficient to make cash interest payments on our indebtedness, including the notes, during the two subsequent fiscal quarters and on indebtedness that we intend to incur during the two subsequent fiscal quarters.

Based on our expected levels of indebtedness and our expected levels of capital expenditures for the first four full fiscal quarters following this offering (the Initial Four Quarters), we do not believe there to be a strong likelihood that our consolidated interest expense for such period would approximate our distributable cash flow for such period or that after giving effect to the payment of dividends pursuant

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to our dividend policy that we would not have cash or borrowings available to service our debt during the two fiscal quarters following such payment. Consequently, we believe that we will be able to pay cash dividends pursuant to our dividend policy on our capital stock under the covenant described above. See Limitations on Our Ability to Pay Dividends General and Risk Factors Risks Relating to the Offering You may not receive the level of dividends provided for in our dividend policy or any dividends at all.

Historical Common Stock Dividend Payments

Since completion of our IPO, we have paid dividends on our Class A common stock and our Class B common stock at the rates, at the intervals and for the periods contemplated by our dividend policy. The following tables set forth for the periods indicated the dividends paid on each class of our common stock.

Dividends on the Class A common stock:

Period	Amount per Share	Payment Date
Period ended December 31, 2004(1)	$ 0.087	March 1, 2005
Quarter ended March 31, 2005	$0.20615	June 1, 2005
Quarter ended June 30, 2005	$0.20615	September 1, 2005
Quarter ended September 30, 2005(2)	$0.20615	December 1, 2005

Dividends on the Class B common stock:

Period	Amount per Share	Payment Date
Period ended December 31, 2004(1)	$ 0.042	March 1, 2005

(1) Represents a partial quarterly dividend payment for the period from November 24, 2004 (the date of completion of our IPO) to December 31, 2004.

(2) Represents dividends declared by our board of directors on November 8, 2005 and payable on December 1, 2005.

Common Stock Dividend Rights

Our certificate of incorporation provides for two classes of common stock: the Class A common stock and the Class B common stock. Payment of dividends on all classes of our common stock is not cumulative. Therefore, prior to paying any dividend on our Class A common stock or Class B common stock, we will not be required to first pay any previously declared but not paid dividend on the Class A common stock or any previously declared but not paid dividend on the Class B common stock.

We intend to continue to pay dividends on our Class A common stock on each March 1, June 1, September 1 and December 1 to holders of record as of the preceding February 25, May 25, August 25 and November 25, respectively, in each case with respect to the immediately preceding fiscal quarter. We also intend to pay dividends on our Class B common stock on each June 1 to holders of record as of the preceding May 25 with respect to the immediately preceding fiscal year, subject to the limitations described below, and subject to the exceptions described below with respect to such dividends, if any, payable on June 1, 2006.

Periods Ending on or Prior to March 31, 2007

Under our certificate of incorporation, the rights of holders of shares of Class B common stock to receive cash dividends for any period ending on or prior to March 31, 2007 are subordinated to the rights of holders of shares of Class A common stock to receive cash dividends for the same period.

Fiscal Quarter Ending March 31, 2005 and Fiscal Year Ending March 31, 2006. We will pay on June 1, 2006 cash dividends on each share of Class B common stock for the fiscal quarter ending March 31, 2005 and the fiscal year ending March 31, 2006 equal to the cash dividends paid or to be paid contemporaneously on each share of Class A common stock for such fiscal quarter and fiscal year, respectively, up to an aggregate amount not exceeding $2.5 million and $10.0 million, respectively, so long as cash dividends for such fiscal quarter and fiscal year, respectively, have been or will contemporaneously be paid to holders of shares of Class A common stock in an aggregate amount at least equal to the dividend rate set forth in our dividend policy.

Fiscal Year Ending March 31, 2007. We will pay orap>150,000 70,000 9,472(11) 2,243 *Senior Vice President (Coinmach Corp.)* 2003 150,000 50,000 9,227(12) 2,827

Michael E. Stanky

2005 202,800 21,600 33,199(13) 2,559 *Senior Vice President* 2004 202,800 29,300 28,368(14) 2,243 *(Laundry Corp. and Coinmach Corp.)* 2003 200,550 89,800 29,125(15) 2,833

(1) Includes $70,427 in forgiven indebtedness of Mr. Kerrigan and MCS Capital, Inc., an entity controlled by Mr. Kerrigan (MCS); $11,250 in interest, calculated at a rate of 7.5% per annum on a loan made by Coinmach Corp. to Mr. Kerrigan; $27,486 in interest calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of Laundry Corp. relating to the Going Private Transaction; $2,448 in automobile allowances; $15,058 in club membership fees; $1,774 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Kerrigan; $15,955 in forgiven indebtedness relating to additional units of Holdings issued in July 2004 and $18,900 relating to the taxable event of the distribution of shares of AWA to Holdings. In connection with the IDS Transactions, Mr. Kerrigan received $691,538 relating to the redemption of Laundry Corp. Class B preferred stock.

(2) Includes $115,907 in forgiven indebtedness of Mr. Kerrigan and MCS; $6,057 in interest, calculated at a rate of 7.5% per annum on a loan made by Coinmach Corp. to Mr. Kerrigan; $28,916 in interest calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of Laundry Corp. relating to the Going Private Transaction; $3,688 in automobile allowances; $15,268 in club membership fees; and $1,774 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Kerrigan.

(3) Includes $77,429 in forgiven indebtedness of Mr. Kerrigan and MCS; $3,750 in interest, calculated at a rate of 7.5% per annum on a loan made by Coinmach Corp. to Mr. Kerrigan; $30,187 in interest

calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of Laundry Corp. relating to the Going Private Transaction; $2,084 in automobile allowances; $16,728 in club membership fees; and $1,774 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Kerrigan.

(4) Includes $127,130 in forgiven indebtedness; $40,716 in interest, calculated at a rate of 8% per annum on a loan issued by Coinmach Corp. to Mr. Blatt; $16,696 in interest calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of Laundry Corp. relating to the Going Private Transaction; $2,031 in automobile allowances; $15,690 in club membership fees; $2,488 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Blatt; $16,109 in forgiven indebtedness relating to additional units of Holdings issued in July 2004 and $15,695 relating to the taxable event of the distribution of shares of AWA to Holdings. In connection with the IDS Transactions, Mr. Blatt received $504,089 relating to the redemption of Laundry Corp. Class B preferred stock.

(5) Includes $28,749 in forgiven indebtedness; $17,678 in interest calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of Laundry Corp. relating to the Going Private Transaction; $2,938 in automobile allowances; $14,040 in club membership fees; and $2,488 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Blatt.

(6) Includes $23,301 in forgiven indebtedness; $15,304 in interest calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of CLC relating to the Going Private Transaction; $3,188 in automobile allowances; $13,398 in club membership fees; and $2,448 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Blatt.

(7) Includes $10,433 in forgiven indebtedness; $12,416 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of Laundry Corp. relating to the Going Private Transaction; $5,676 in automobile allowances; $1,450 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Doyle; $29,659 in forgiven indebtedness relating to additional units of Holdings issued in July 2004 and $6,587 relating to the taxable event of the distribution of shares of AWA to Holdings. In connection with the IDS Transactions, Mr. Doyle received $340,612 relating to the redemption of Laundry Corp. Class B preferred stock.

(8) Includes $17,164 in forgiven indebtedness; $13,146 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of Laundry Corp. relating to the Going Private Transaction; $5,096 in automobile allowances; and $1,450 in life insurance premiums paid by Coinmach Corp. onn June 1, 2007 cash dividends on each share of Class B common stock for the fiscal year ending March 31, 2007 equal to the cash dividends paid or to be paid contemporaneously on each share of Class A common stock for such fiscal year up to an aggregate amount not exceeding $10.0 million, so long as cash dividends for such fiscal year have been or will contemporaneously be paid to holders of shares of Class A common stock in an aggregate amount at least equal to the dividend rate set forth in our dividend policy.

Fiscal Years Ending After March 31, 2007

Under our certificate of incorporation, the rights of holders of shares of Class B common stock to receive cash dividends with respect to the fiscal years ending March 31, 2008 and March 31, 2009 are, under the conditions described below, subordinated to the rights of holders of shares of Class A common stock to receive cash dividends. In no event will the subordination requirements apply with respect to any fiscal year thereafter. However, subject to the limitations described below, shares of Class B common stock are not entitled to receive dividends for any such fiscal year unless dividends are also declared and paid on shares of Class A common stock for such fiscal year.

If we pay cash dividends on our Class A common stock with respect to any fiscal year ending after March 31, 2007, we will pay on June 1 immediately following such fiscal year cash dividends on each share of Class B common stock for such fiscal year equal to the cash dividends paid or to be contemporaneously paid on each share of Class A common stock for such fiscal year, provided that if the Subordination Termination Conditions are not met for such fiscal year, no such cash dividends may be paid on our Class B common stock with respect to such fiscal year unless (i) cash dividends for such fiscal year have been or will contemporaneously be paid to holders of shares of Class A common stock in an aggregate amount at least equal to the dividend rate set forth in our dividend policy and (ii) the aggregate amount of cash dividends paid on all the outstanding shares of Class B common stock for such fiscal year does not exceed $10.0 million.

Notwithstanding anything to the contrary in the immediately preceding paragraph, if the subordination provisions are no longer in effect for any fiscal year, the cash dividends payable on each share of our Class B common stock shall, with respect to such fiscal year and each fiscal year thereafter, be equal to 105% of the aggregate amount of dividends payable on each share of Class A common stock for such fiscal year.

The Subordination Termination Conditions are only applicable to the fiscal years ending March 31, 2008 and March 31, 2009, and will not be satisfied with respect to such fiscal year if either (i) our consolidated EBITDA (generally defined as earnings from continuing operations before deductions for interest, income taxes and depreciation and amortization) for such fiscal year was less than $165.0 million or (ii) the ratio of (x) our consolidated indebtedness on the last day of such fiscal year minus the amount, as of such day, of cash and cash equivalents held by us and our consolidated subsidiaries in excess of $25.0 million to (y) our consolidated EBITDA for such fiscal year was greater than 4.5 to 1.0, provided that if the Subordination Termination Conditions are satisfied with respect to the fiscal year ending March 31, 2008, then the Subordination Termination Conditions shall be deemed to have been satisfied for the fiscal year ending March 31, 2009 regardless of whether we could have satisfied the Subordination Termination Conditions for such year without giving effect to this proviso.

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The foregoing calculations shall be made on a pro forma basis as if any acquisitions that occurred during or subsequent to such fiscal year (and the incurrence, assumption and/or repayment of any indebtedness in connection therewith) had occurred on the first day of such fiscal year.

Waiver of Cash Dividends by Holders of Class B Common Stock

Holders of a majority of the then outstanding shares of Class B common stock may at any time, voting as a single class, waive the rights of all holders of shares of C behalf of Mr. Doyle. (9) Includes $14,859 in forgiven indebtedness; $13,876 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock of Laundry Corp. relating to the Going Private Transaction; $2,563 in automobile allowances; and $1,425 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Doyle.

(10) Includes $3,960 in forgiven indebtedness; $4,712 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock and preferred stock of Laundry Corp. relating to the Going Private Transaction; $875 in automobile allowances; $6,183 in forgiven indebtedness relating to additional units of Holdings issued in July 2004 and $270 relating to the taxable event of the distribution of shares of AWA to Holdings. In connection with the IDS Transactions, Mr. Norniella received $3,237 relating to the redemption of Laundry Corp. Class B preferred stock.

(11) Includes $3,960 in forgiven indebtedness; $4,990 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock and preferred stock of Laundry Corp. relating to the Going Private Transaction; and $522 in automobile allowances.

(12) Includes $3,960 in forgiven indebtedness; $5,267 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock and preferred stock of Laundry Corp. relating to the Going Private Transaction.

(13) Includes $10,574 in forgiven indebtedness; $12,583 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock and preferred stock of Laundry Corp. relating to the Going Private Transaction; $192 in automobile allowances; $1,803 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Stanky; $5,420 in forgiven indebtedness relating to additional unit of Holdings issued in July 2004 and $2,627 relating to the taxable event of the distribution of shares of AWA to Holdings. In connection with the IDS Transactions, Mr. Stanky received $119,454 relating to the redemption of Laundry Corp. Class B preferred stock.

(14) Includes $13,027 in forgiven indebtedness; $13,323 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock and preferred stock of Laundry Corp. relating to the Going Private Transaction; $305 in automobile allowances; and $1,713 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Stanky.

(15) Includes $13,029 in forgiven indebtedness; $14,063 in interest expense calculated at a rate of 7% per annum on a loan made in connection with the purchase of common stock and preferred stock of Laundry Corp. relating to the Going Private Transaction; $363 in automobile allowances; and $1,670 in life insurance premiums paid by Coinmach Corp. on behalf of Mr. Stanky.

(16) Represents matching contributions made by Coinmach Corp. to the 401(k) Plan administered by Coinmach Corp. See 401(k) Savings Plan.

Employment Agreements

We currently have employment agreements with each of the named executive officers.

Employment Agreements of Stephen R. Kerrigan, Mitchell Blatt and Robert M. Doyle. On March 6, 2003, Coinmach, Holdings and each of Stephen R. Kerrigan (and MCS), Mitchell Blatt and Robert M. Doyle (each of whom we refer to as a senior manager), entered into Senior Management Agreements (which we collectively refer to as the senior management agreements). The senior management agreements provide for the annual base salaries for each of Messrs. Kerrigan, Blatt and Doyle, respectively, to be reviewed annually by the Holdings board of managers. As of March 31, 2005, the annual base salaries of Messrs. Kerrigan, Blatt and Doyle were $446,250, $352,753 and $332,500, respectively. The Holdings board of managers, in its sole discretion, may grant each senior manager an annual bonus. In addition, ilass B common stock to all or any portion of cash dividends to which they are entitled.

Our Dividend Rate

We intend to continue to pay dividends on our Class A common stock on each March 1, June 1, September 1 and December 1 to holders of record as of the preceding February 25, May 25, August 25 and November 25, respectively. We intend to pay dividends on our Class B common stock on each June 1 to holders of record as of the preceding May 25.

On March 1, 2005, we paid a dividend of $0.087 per share on our Class A common stock and of $0.042 per share on our Class B common stock, covering the period from November 24, 2004 to December 31, 2004. We also paid dividends on our Class A common stock on June 1, 2005 and September 1, 2005 in an amount of $0.20615 in respect of the fiscal quarters ended March 31, 2005 and June 30, 2005, respectively. On November 8, 2005, our board of directors declared a dividend of $0.20615 per share on our Class A common stock in respect of the fiscal quarter ended September 30, 2005, which will be paid on December 1, 2005 to holders of record as of November 25, 2005. Pursuant to our dividend policy, we have not paid any dividends on our Class B common stock since March 1, 2005 and no such payments are anticipated to be paid until June 1, 2006.

For each of the Initial Four Quarters, at the levels currently set forth in our dividend policy, dividends for each share of our Class A common stock are expected to be approximately $0.20615 per share per quarter. Assuming full exercise of the overallotment option, cash dividends for the Initial Four Quarters would be approximately $ million in the aggregate. In calculating such amounts we also assume that during such period:

- we will continue to pay quarterly cash dividends on the Class A common stock at the rates currently set forth under our dividend policy;

- no more than $12.5 million in dividends will be paid on the Class B common stock in respect of the five fiscal quarter period ending March 31, 2006, since the rights of holders of shares of Class B common stock to receive cash dividends during such period are subordinated to the cash dividend rights of holders of Class A common stock;

- the notes will be treated as debt for U.S. federal income tax purposes;

- no IDSs or shares of Class A common stock will be issued pursuant to any existing CSC equity-based incentive plans or otherwise; and

- the number of shares of Class A common stock outstanding immediately after the closing of this offering will not increase other than through the exercise of the overallotment option.

In the event a scheduled dividend payment date or a record date is a Saturday, Sunday or a date on which banking institutions are otherwise not open, then such dividend payment will be made or such record date will occur on the first business day immediately following such date.

Basis for Dividend Rate

In determining our current dividend level we reviewed and analyzed, among other things, the following:

- our operating and financial performance in recent years;
- the anticipated cash requirements associated with our capital structure (including, but not limited to, interest payments on the 11% notes);
- our anticipated capital expenditure requirements, suspension of discretionary capital expenditures in AWA, the termination of further investments in Super Laundry and the completion of our technology upgrades;
- our other expected cash needs for working capital;
- the terms of our debt agreements, including the indenture governing the 11% notes, the indenture governing the Coinmach Corp. 9% notes and the Coinmach Corp. credit facility; and
- potential sources of liquidity, including borrowings under the Coinmach Corp. credit facility and quarterly interest payments to us by Coinmach Corp. on the intercompany note.

If we have any cash remaining after the payment of dividends as contemplated above on our Class A common stock, our board of directors will, in its sole discretion, decide to use that cash for those purposes it deems necessary or advisable including, but not limited to, paying cash dividends on the Class B common stock, funding additional capital expenditures or acquisitions, prepaying indebtedness, paying additional dividends or for general corporate purposes. However, notwithstanding our dividend policy, the amount of dividends, if any, for each quarterly dividend payment date, will be determined by our board of directors on a quarterly basis after taking into account the factors set forth above, the flexibility in paying cash dividends on the Class B common stock, contractual restrictions and other factors set forth herein. See Common Stock Dividend Rights and Limitations on Our Ability to Pay Dividends.

The table below sets forth our calculations illustrating the amount of minimum EBITDA for the Initial Four Quarters that would be sufficient to fund cash dividends with respect to each of the Initial Four Quarters to holders of our Class A common stock at the current dividend rate and to holders of our Class B common stock in the maximum amount for such period of $10.0 million, in each case solely from cash generated by our business and that would satisfy the applicable restrictions contained in:

(i) the indenture governing the 11% notes, which permits quarterly dividend payments to the extent our distributable cash flow exceeds our consolidated interest expense so long as we satisfy an interest coverage test and no default is continuing;

(ii) the Coinmach Corp. credit facility, which requires Coinmach Corp. to meet quarterly financial maintenance tests; and

(iii) the indenture governing the Coinmach Corp. 9% notes, which contains a restricted payments covenant that limits Coinmach Corp. s ability to make dividend payments and other distributions.

The amounts set forth in the table below assume that the overallotment option is exercised in full.

The rights of the holders of shares of Class B common stock to receive cash dividends with respect to fiscal years completed on or prior to March 31, 2007 will be subordinated to the cash dividend rights of holders of shares of Class A common stock. The subordination provisions will also apply to fiscal years ending March 31, 2008 and March 31, 2009 so long as the Subordination Termination Conditions are not satisfied. In no event will the subordination provisions apply to any fiscal year thereafter. The amounts presented in the table below assume cash dividend payments will continue to be made on shares

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of Class A common stock at the dividend rate set forth in our dividend policy and on shares of Class B common stock in the maximum annual amount of $10.0 million.

Estimated Cash Available to Pay Dividends on Class A Common Stock and Class B Common Stock Based on Estimated Minimum EBITDA

	Amount (In thousands)
Estimated minimum EBITDA(1)(9)	$
Less:	
Estimated capital expenditures(2)	
Estimated interest expense(3)	
Estimated amortization payments on credit facility term debt	
Estimated cash taxes(4)	
Estimated cash available to pay dividends	$
Intended amount of dividends on Class A common stock(5)	$
Intended amount of dividends on Class B common stock(5)	$
Interest coverage test under the indenture governing the 11% notes(6)(7):	
Estimated distributable cash flow	$
90% of estimated distributable cash flow	$
Estimated interest expense(3)	$
Permitted amount of dividends(8)	$

The preceding table illustrates our calculation of the amount of EBITDA that we believe would be necess and an Event of Default has occurred and is continuing under any bank credit facility or other facility to which Coinmach Corp. is a party, senior managers are entitled to receive severance pay in an amount equal to their respective annual base salaries then in effect, payable in 12 equal monthly installments. For a period of one year after termination of his employment, a senior manager is subject to both non-competition and non-solicitation provisions. Senior managers are entitled to require Holdings to repurchase the units of Holdings owned by them upon the occurrence of certain events, including the termination of such senior manager without Cause (as defined in the applicable senior management agreement), the termination by the senior manager for Good Reason (as defined in the applicable senior management agreement), and certain qualified sales of the equity securities or assets of Holdings. In the event a senior manager violates the non-competition clause of his

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senior management agreement or is terminated for any reason, the units of Holdings owned by such senior manager will be subject to repurchase by Holdings and certain other members of Holdings. The units of Holdings owned by the senior managers are subject to customary co-sale rights and rights of first refusal.

Mr. Kerrigan and Mr. Doyle are CSC s only senior executive officers. In connection with the IDS Transactions, each of the employment agreements with Mr. Kerrigan and Mr. Doyle were amended and restated to incorporate their employment as Chairman of the Board, President, and Chief Executive Officer of CSC (in the case of Mr. Kerrigan) and as Chief Financial Officer, Senior Vice President, Secretary and Treasurer of CSC (in the case of Mr. Doyle) (in addition to the positions with Coinmach Corp. currently described therein). Furthermore, provisions of such employment agreements designating authority or discretion to the Holdings board of managers, including review of annual salaries, granting of an annual bonus, or ability to terminate such employees, were amended to transfer such authority or discretion to CSC s board of directors. CSC was also included as an obligor with respect to certain payment obligations, including those relating to the repurchase of such employees equity interests, salary and bonus payments, and severance payments. Annual salaries and bonuses for such employees determined in accordance with such agreements represent compensation for employment services provided to both CSC and Coinmach Corp. Annual salaries and bonuses for such employees determined in accordance with such agreements represent compensation for employment services provided to both CSC and Coinmach Corp. The agreements generally provide that, if either employee is terminated by both CSC and Coinmach Corp. and either such termination would trigger a severance payment provision, then such employee would be entitled to one severance payment.

Employment Agreement of Ramon Norniella. Coinmach Corp. entered into an employment agreement with Mr. Norniella, dated as of December 17, 2000, which has a term of one-year and is automatically renewable each year for successive one-year terms. Such agreement provides for his annual base salary to be reviewed annually by the Coinmach Corp. board of directors (which we refer to as the Coinmach Corp. Board). As of March 31, 2005, Mr. Norniella s annual base salary was $160,000. The Coinmach Corp. Board may, in its discretion, grant Mr. Norniella a performance based annual bonus. The agreement is terminable at the will of Mr. Norniella or at the discretion of the Coinmach Corp. Board. Under the terms of such employment agreement, Mr. Norniella is entitled to receive severance pay upon termination of employment by Coinmach Corp. without Cause (as defined in such agreement) in an amount equal to his annual base salary then in effect. For a period of two years after termination of his employment, Mr. Norniella is subject to both non-competition and non-solicitation provisions.

Employment Agreement of Michael E. Stanky. On July 1, 1995, Solon (as predecessor-in-interest to Coinmach Corp.) entered into an employment agreement with Mr. Stanky, which is reviewed annually by the Coinmach Corp. Board. As of March 31, 2005, Mr. Stanky s annual base salary was $202,800. Mr. Stanky s employment is terminable at his will or at the discretion of the Coinmach Corp. Board. The Chief Executive Officer of Coinmach Corp., in his sole discretion, may grant Mr. Stanky an annual bonus. If employment is terminated by the Coinmach Corp. Board without Cause (as defined in such agreement) and (i) no Event of Default (as defined in such agreement) has occurred and is continuing, Mr. Stanky is entitled to receive severance pay in an amount equal to 1.5 times his annual base salary then in effect, or (ii) an Event of Default has occurred and is continuing, Mr. Stanky will be entitled to receive severance pay in an amount equal to 1.0 times his annual base salary then in effect, in each case payable in 12 equal monthly installments. If Mr. Stanky terminates his employment for Good Reason (as defined in such agreement), he will be entitled to an amount equal to one half of the severance pay described in the immediately preceding sentence, depending on whether an Event of Default has occurred and is continuing, payable over nine or six months, respectively. For a period of one year after termination of his employment, Mr. Stanky is subject to both non-competition and non-solicitation provisions.

Laundry Corp. Equity Participation Purchase Program

Prior to the Going Private Transaction, certain employees of Laundry Corp. and its subsidiaries acquired shares of common stock and preferred stock of Laundry Corp. at fixed prices and on terms determined by the board of directors of Laundry Corp. The shares of common stock acquired were subject to vesting requirements, typically four years from the date of acquisition. Pursuant to the AWA Transactions, all the shares of capital stock issued under the equity participation purchase program were contributed to Holdings in exchange for substantially equivalent equity interests in Holdings. As of September 30, 2005, employees of Laundry Corp. and its subsidiaries held 27,004,445 Holdings common units and 667 Holdings Class C preferred units.

401(k) Savings Plan

Coinmach Corp. offers a 401(k) savings plan to all current eligible employees who have completed three months of service. Pursuant to the 401(k) Plan, eligible employees may defer from 2% up to 25% of their salaries up to a maximum level imposed by applicable federal law ($13,000 in 2004 and $14,000 in 2005). The percentage of compensation contributed to the plan is deducted from each eligible employee s salary and considered tax-deferred savings under applicable federal income tax law. Pursuant to the 401(k) Plan, Coinmach Corp. contributes matching contribution amounts (subject to the Internal Revenue Code limitation on compensation taken into account for such purpose) of 25% contributed to the 401(k) Plan by the respective eligible employee up to the first 6% of the amount contributed by such employee. Eligible employees become vested with respect to matching contributions made by Coinmach Corp. pursuant to a vesting schedule based upon an eligible employee s years of service. After two years of service, an eligible employee is 20% vested in all matching contributions made to the 401(k) Plan. Such employee becomes vested in equal increments thereafter through the sixth year of service, at which time such employee becomes 100% vested. Eligible participants are always 100% vested in their own contributions, including investment earnings on such amounts.

Coinmach Corp. made the following matching contributions during the 2005 Fiscal Year to the named executive officers: Mr. Kerrigan $2,157; Mr. Blatt $2,157; Mr. Doyle $2,220; Mr. Norniella $2,016; and Mr. Stanky $2,559.

Equity-Based Incentive Plans

In connection with the IDS Transactions, we adopted the Coinmach Service Corp. 2004 Long-Term Incentive Plan, which we refer to as the 2004 LTIP, and the Coinmach Service Corp. 2004 Unit Incentive Sub-Plan, which we refer to as the 2004 Sub-Plan. To date, no award have been vested, accrued or granted under the 2004 LTIP or the 2004 Sub-Plan.

The purpose of the 2004 LTIP and the 2004 Sub-Plan is to (i) attract and retain qualified individuals, (ii) motivate participants, by means of appropriate incentives, to achieve long-range goals, (iii) provide incentive compensation opportunities that are competitive with those of other similar companies and (iv) further align participants interests with those of our other investors through compensation that is based on our corporate performance, thereby promoting our long-term financial interest, including the growth in value of our equity and enhancement of long-term investor return.

All our employees and directors, as well as consultants and other persons providing services to the us, are eligible to become participants in the 2004 LTIP and the 2004 Sub-Plan, except that non-employees may not be granted incentive stock options. The specific individuals who initially will be granted awards under the 2004 LTIP and the 2004 Sub-Plan and the type and amount and conditions of any such awards will be determined by the compensation committee. Awards may be settled at the time of grant or vesting, or may be deferred as unit-based rights to be settled at a specified date in the future.

As of March 31, 2005, the board of directors had authorized up to 2,836,729 shares for issuance under the 2004 LTIP. The Class A common stock and IDSs are referred to in the 2004 LTIP interchangeably as shares. The maximum number of shares available for awards under the 2004 LTIP is 6,583,796 shares, equal to 15% of the aggregate number of outstanding shares of the Class A common stock and Class B common stock immediately following consummation of the IDS Transactions (such aggregate number being referred to as the Aggregate Shares Outstanding). The maximum number of shares that may be covered by awards granted to any one individual under the 2004 LTIP as an option or

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a SAR during any calendar year is 658,379, equal to 1.5% of the Aggregate Shares Outstanding. For awards that are intended to be performance-based compensation (as that term is used for purposes of section 162(m)) of the Internal Revenue Code of 1986 as amended, or the Code, no more than 1.5% of the Aggregate Shares Outstanding may be subject to such awards granted to any one individual during any one calendar year. For cash incentive awards, that are intended to be performance-based compensation, no more than $100,000 may be payable with respect to such awards to any one individual for each month in the applicable performance period. Under the 2004 Sub-Plan, no more than $100,000 may be payabary to pay cash dividends on our Class A common stock at the rate we intend for the Initial Four Quarters and on our Class B common stock in the maximum amount for such period of $10.0 million. Based upon a review and analysis conducted by our management, we believe that our EBITDA will be at least equal to such amount for the Initial Four Quarters.

For each of the periods set forth in the table below, we would not have had excess cash available to pay dividends on both our Class A common stock at the intended dividend rate and on our Class B common stock in the maximum annual amount of $10.0 million. The following table sets forth our calculation illustrating, for the fiscal year ended March 31, 2005 and the twelve months ended September 30, 2005, the amount of excess cash that would have been available for distributions to holders of Class A common stock, assuming, in each case, that this offering had been consummated at the beginning of each such period, subject to the assumptions described in such table.

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Pro Forma Excess Cash for the Fiscal Year Ended March 31, 2005,
the Twelve Months Ended September 30, 2005

	Fiscal Year Ended	Twelve Months Ended

The 2004 LTIP

The 2004 LTIP will be administered by our compensation committee. Under the 2004 LTIP, the compensation committee may grant the following types of awards:

Option Awards

	March 31, 2005	September 30, 2005
Cash flow from cash flow provided by operating activities	$	$
Interest expense		
Gain on sale of investment and equipment		
Stock based compensation		
Change in operating assets and liabilities		
Deferred taxes		
Amortization of debt discount and deferred issue costs		
Benefit for income taxes		
EBITDA		
Less:		
Actual capital expenditures(2):		
Estimated interest expense(3)		
Estimated amortization payments on credit facility term debt		
Estimated net change in working capital		
Estimated cash taxes(4)		
Additional public filing costs and one time charges(1)		
Excess cash that would have been available to pay dividends	$	$
Intended amount of dividends on Class A common stock(5)	$	$

Options awarded may be either incentive stock options or nonqualified options. Options will expire no later than the tenth anniversary of the date of grant. The per share exercise price of incentive stock options may not be less than the fair market value of a share on the date of grant. The compensation committee may establish vesting or performance requirements which must be met prior to the exercise of the options. Options under the 2004 LTIP may be granted in tandem with SARs. The compensation committee shall have the discretion to grant options with dividend equivalent rights.

Stock Appreciation Rights

A stock appreciation right (which we refer to as a SAR) entitles the participant to receive the amount, in cash or shares, by which the fair market value of a specified number of shares on the exercise date exceeds an exercise price established by the compensation committee. The compensation committee may grant an SAR independent of any option grant and may grant and option and SAR in tandem with each other, and SARs and options granted in tandem may be granted on different dates but may have the same exercise price. An SAR shall be exercisable in accordance with the terms established by the compensation committee. The compensation committee, in its discretion, may impose such conditions, restrictions, and contingencies on shares acquired pursuant to the exercise of an SAR as the compensation committee determines to be desirable. In no event will an SAR expire more than ten years after the grant date.

Full Value Awards

A full value award is a grant of one or more shares or a right to receive one or more shares in the future, with such shares subject to one or more of the following, as determined by the compensation committee:

- the grant may be in return for previously performed services, or in return for the participant surrendering other compensation that may be due;

- the grant may be contingent on the achievement of performance or other objectives during a specified period; and

- the grant may be subject to a risk of forfeiture or other restrictions that lapse upon the achievement of one or more goals relating to completion of service by the participant, or the achievement of performance or other objectives.

Performance-Based Awards

The compensation committee may also grant performance-based awards under the 2004 LTIP. A performance award is a grant of a right to receive shares or share units which is contingent on the

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achievement of performance or other objectives during a specified performance period. A performance award can be a grant of a right to receive a designated dollar value amount of shares, cash or combination thereof, which is contingent on the achievement of performance or other objectives during a specified period. Performance measures may be based on our performance as a whole or any of its business units, and may be expressed as relative to the comparable measures at comparison companies or a defined index. Partial achievement of the performance targets may result in a payment or vesting based upon the degree of achievement.

2004 Unit Incentive Sub-Plan

Our executive officers and other senior employees to be identified by the compensation committee will be eligible to participate in the 2004 Sub-Plan. Under the 2004 Sub-Plan, an incentive pool will be established if and to the extent that the amount by which the per IDS distributions, which includes both interest and dividend payments (the Distributions per IDS), exceed a minimum per IDS distributable threshold amount (determined without regard to distributions under the 2004 Sub-Plan) (the Base Distributions per IDS) for each performance period. The compensation committee will have the sole and absolute discretion to determine if and when any amounts are paid from the bonus pool and whether such payments are to be made in the form of IDSs and/or cash. Any amount allocated to the bonus pool for any performance period which is not paid out shall be carried over and added to the bonus pool for the following performance period. The Base Distributions per IDS target will be set by the compensation committee. The amount of the bonus pool will be based on a set range of percentages of the aggregate Distributions per IDS in excess of the aggregate Base Distributions per IDS depending on the level of such excess. Subject to applicable law, the compensation committee has the power to amend or terminate the 2004 Sub-Plan at any time. The plan shall expire, unless earlier terminated, on the tenth anniversary of its effective date.

Compensation of Directors

Our independent directors, Messrs. Scheessele, McGee and Kelly, each receives an annual retainer, committee chair and committee member retainers (if applicable), and attendance fees for services provided as a director. None of our other directors receives any compensation for services provided as a director. The annual retainer is $35,000 per year, payable quarterly. The fees for meetings attended are $2,000 per board meeting, plus $2,000 for each regularly scheduled committee meeting, payable quarterly. Mr. Scheessele, as chairperson of the audit committee, receives an annual committee chair retainer of $15,000, payable quarterly. Mr. McGee and Mr. Kelly, each a member of the audit committee, each receives an annual retainer of $10,000, payable quarterly.

All directors are reimbursed by us for travel and entertainment expenses incurred while attending board or committee meetings or while on business for us, including first class airfare between their home cities and the location of the meeting, meals, ground transportation and miscellaneous expenses such as tips and mileage. Hotel charges are billed directly to us for directors attending board or committee meetings.

Compensation Committee Interlocks and Insider Participation

None of our directors or executive officers serves or will serve as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee of our board of directors.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Coinmach Service Corp.

As of September 30, 2005, there were 18,911,532 shares of Class A common stock and 24,980,445 shares of Class B common stock issued and outstanding. The following table sets forth certain information, as of September 30, 2005, regarding the beneficial ownership of our Class A common stock and Class B common stock by: (i) each of the direcmargin-top: 6pt; margin-left: 0; margin-right: 0; margin-bottom: 0; color: #000000; background: #ffffff;">

(1) Our estimated minimum EBITDA excludes approximately $ million in one-time charges that will be incurred during this period in connection with this offering, including fees and expenses. See Use of Proceeds. Our historical EBITDA for the period prior to November 24, 2004 (the closing date of the IPO) does not include approximately $ million annually in incremental ongoing expenses associated with being a public issuer, including estimated incremental director and officer liability insurance, additional directors fees, investor and public relations expenses, expenses relating to the annual stockholders meeting, printing expenses, additional filing fees, additional trustee fees, registrar and transfer agent fees, listing fees, additional administrative fees and miscellaneous fees.

(2) For the fiscal year ended March 31, 2005 and the twelve months ended September 30, 2005, our capital expenditures were approximately $70.3 million (excluding approximately $0.6 million relating to acquisitions and $4.3 million related to capital lease payments) and $70.2 million (excluding approximately $1.2 million relating to acquisitions and $4.8 million relating to capital lease payments), respectively. Capital expenditures represent amounts expended for property and laundry equipment, including washers and dryers and other equipment, such as our fleet of vehicles, used in servicing our customers and advance location payments paid to location owners. Capital expenditures do not include expenses related to repairs of our existing assets, costs of spare parts or expenses related to refurbishments or overhauls, which, in each case, are tors of CSC, (ii) each of the named executive officers, (iii) all of CSC s directors and the named executive officers as a group, (iv) each person or entity that beneficially owns more than five percent of the Class B common stock and (v) each person or entity who has been identified as a beneficial owner of more than five percent of the Class A common stock pursuant to filings with the Securities and Exchange Commission:

	Class A Common Stock		Class B Common Stock		% of Aggregate Voting Power
Name and Address of Beneficial Owner(1)	**# of Shares**	**% of Class**	**# of Shares**	**% of Class**	
Coinmach Holdings, LLC			24,980,445	100%	72.5%
Stephen R. Kerrigan					

(3) Includes interest at a rate of 11.0% per annum on an aggregate principal amount of

approximately $136.1 million of 11% notes outstanding, interest on an aggregate principal amount of approximately $ million of Coinmach Corp. 9% notes, and interest on the average balance of approximately $ million for the periods reflected on the Coinmach Corp. credit facility at an assumed interest rate of % per annum.

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(4) We estimate that our cash taxes for each of the periods shown will be approximately zero. Although we estimate that our cash taxes for the Initial Four Quarters will be approximately zero, we may be subject to cash income tax expenses in future periods.

(5) Estimated cash dividend payments on the Class A and Class B common stock are as follows:

Mitchell Blatt					
Robert M. Doyle	4,000	*			*
Michael E. Stanky	5,625	*			*
Ramon Norniella					
James N. Chapman	3,000	*			*
Bruce V. Rauner(2)	2,199,413	11.6%	24,980,445	100%	75.7%
David A. Donnini(2)	2,199,413	11.6%	24,980,445	100%	75.7%
John R. Scheessele					
Woody M. McGee					
William M. Kelly				& 8pt;">	**Interim Dividends**

	Number of Shares	Quarterly Base Dividend per Share	Quarterly Aggregate	Annual Aggregate
			(In thousands)	
Class A common stock		$	$	$

	Number of Shares	Aggregate Maximum Dividends
Class B common stock	24,980,445	$

(6) The indenture governing the 11% notes treats cash dividends paid on our common stock as restricted payments and generally limits the making of those payments to an amount equal to the sum of a percentage of cumulative consolidated net income and certain other specified items and requires us to satisfy a fixed charge coverage test. We expect to be unable to pay cash dividends on the Class A common stock in an amount equal to the intended quarterly dividend under the general terms of that covenant due to an insufficient amount of cumulative consolidated net income. We intend to rely on an exception to that covenant that permits cash dividends on our common stock to

	be paid on a quarterly basis for the life of the 11% notes in an amount based on our distributable cash flow so long as we are able to satisfy an interest coverage test and no default under the indenture is continuing. See footnote (7) below and Limitations on Our Ability to Pay Di#151;					
All Officers and Directors as a group (11 persons)(2)(3)		2,212,038	11.7%	24,980,445	100%	75.8%

The table below sets forth our calculations illustrating, for the Initial Four Quarters, our estimated distributable cash flow calculated in accordance with the indenture governing the notes based on our estimated minimum EBITDA for such Initial Four Quarters as calculated in the table set forth on page 35.

Estimated Distributable Cash Flow to Pay Cash Dividends on Class A Common Stock and Class B Common Stock Based on Estimated Minimum EBITDA

	Amount
	(In thousands)
Estimated minimum EBITDA(a)	$
Less:	
Estimated cash taxes(b)	
Estimated capital expenditures(c)	
Estimated cash principal payments on indebtedness(d)	
Estimated net changes in working capital	
Estimated extraordinary cash charges	
Plus:	
Estimated cash tax refunds	
Estimated extraordinary cash gains	
Estimated distributable cash flow	$

(a) See footnote (1) above.

(b) See footnote (4) above.

(c) See footnote (2) above.

(d) Excludes, in accordance with the indenture governing the 11% notes, (i) payments on intercompany obligations, (ii) payments made from amounts borrowed pursuant to indeb: 10px; text-indent: -10px"> **Other Stockholders**

GTCR-CLC, LLC(2)(4)
2,199,413 11.6% 24,980,445 100% 75.7%
FMR Corp.(5)(6)
2,407,900(7) 12.7% 3.5%
The Northwestern Mutual Life Insurance Company(8)(9)
1,450,000(10) 7.7% 2.1%
SAB Overseas Master Fund, L.P. (11)(12)
1,214,733 6.4% 1.8%

* Does not exceed 1 percent of the issued and outstanding shares.

(1) All addresses for directors and executive officers are c/o Coinmach Laundry Corporation, 303 Sunnyside Blvd., Suite 70, Plainview, New York 11803.

(2) All shares of Class B common stock shown are held by Holdings. GTCR-CLC, LLC, of which GTCR Fund VII, L.P. is the Managing Member, is a member of and effectively controls Holdings. The shares of Class A common stock shown are held by GTCR Capital Partners, L.P. Messrs. Rauner and Donnini are principals of GTCR Golder Rauner, L.L.C., the General Partner of GTCR Partners VII L.P., which is the General Partner of GTCR Fund VII, L.P. and GTCR Capital Partners, L.P. Messrs. Rauner and Donnini disclaim beneficial ownership of such shares.

(3) In calculating the common stock beneficially owned by executive officers and directors as a group, the common stock owned by GTCR-CLC, LLC and included in the beneficial ownership amounts of each of Messrs. Rauner and Donnini are included only once.

(4) Address is c/o GTCR Golden Rauner LLC, Sears Tower #6100, Chicago, Illinois 60606-6402.

(5) Beneficial ownership is based on information contained in a Schedule 13G filed by FMR Corp. with the SEC on January 10, 2005.

(6) Address is 82 Devonshire Street, Boston, Massachusetts 02109.

(7) Based on information contained on Schedule 13G filed by FMR Corp. with the SEC on January 10, 2005, Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR Corp. and an investment advisor registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of the securities as a result of acting as investment advisor to various investment companies registered under Section 8 of the Investment Company Act of 1940. Additionally, the ownership of one investment company, Fidelity Capital & Income Fund, amounted to 1,522,000 shares or 8.048% of the IDSs outstanding.

(8) Beneficial ownership is based on information contained in a Schedule 13G filed by The Northwestern Mutual Life Insurance Company with the SEC on February 10, 2005.

(9) Address is 720 East Wisconsin Avenue, Milwaukee, Wisconsin, 53202.

(10) Based on information contained in a Schedule 13G filed by Northwestern Mutual Life Insurance Company (Northwestern Mutual) with the SEC on February 10, 2005, 1,450,000 shares are beneficially owned, of which 1,400,000 shares are owned directly by The Northwestern Mutual. Northwestern Mutual may be deemed to be the indirect beneficial owner of the balance of such shares, 50,000 shares are owned by The Northwestern Mutual Life Insurance Company Group Annuity Separate Account (GASA).

(11) Beneficial ownership is based on information contained in a Schedule 13G filed by SAB Capital Partners, L.P. with the SEC on May 20, 2005.

(12) Address is 712 Fifth Avenue, 42nd Floor, New York, New York 10019.

Coinmach Holdings, LLC

The following table sets forth certain information, as of September 30, 2005, regarding beneficial ownership of Holdings equity interests by: (i) each of the directors of CSC, (ii) each of the named executive officers, (iii) all of CSC s directors and the named executive officers as a group and (iv) each person or entity that beneficially owns more than five percent of Holdings equity interests:

	Number of Units	**Percent of Each Unit Class**

(7) The indenture governing the 11% notes permits us to pay dividends on our common stock so long as our consolidated interest expense is less than 90% of our distributable cash flow for the most recent fiscal quarter. We and our restricted subsidiaries must also have cash or borrowings available in excess of reasonably anticipated consolidated interest expense on outstanding indebtedness and on indebtedness that we or they intend to incur for the two subsequent fiscal quarters. In addition, we must have amounts available or owed to us from our restricted subsidiaries sufficient to make cash interest payments on our indebtedness, including the 11% notes, during such period and indebtedness that we intend to incur during such period. Although we are presenting the amount of each item set forth under the heading interest coverage test under the indenture governing the notes that is set forth in the table as the estimated aggregate amount for such item for the Initial Four Quarters, rather than the estimated amount for any of the fiscal quarters during that period, we believe that we will be able to satisfy the interest coverage test for each of the four fiscal quarters during that period and pay dividends on our Class A common stock at the intended quarterly base dividend level with respect to each such fiscal quarter.

Because CSC is a holding company, we will rely on the ability of Coinmach Corp. to pay dividends and distribute cash to CSC. Coinmach Corp. s ability to pay such dividends will be subject to the restrictive covenants contained in the indenture governing the Coinmach Corp. 9% notes and the Coinmach Corp. credit facility. Financial circumstances may arise in the future whereby CSC is permitted to pay dividends on the CSC common stock under the indenture governing the 11% notes, but Coinmach Corp. would be prohibited under the terms of its indebtedness from providing CSC with the cash to pay such dividends. See Limitations on Our Ability to Pay Dividends Indenture Governing the Coinmach Corp. 9% Notes and The Coinmach Corp. Credit Facility.

(8) The indenture governing the 11% notes permits the payment of dividends on our common stock in an amount equal to our distributable cash flow less interest expense, in each case for the most recent fiscal quarter. Although we are presenting the permitted amount of dividends set forth in the table as the estimated aggregate amount for the Initial Four Quarters rather than the estimated amount for any one fiscal quarter, we believe that the permitted amount of dividends for each of the Initial Four Quarters will be sufficient to pay dividends on our Class A common stock at the quarterly base dividend level set forth in our dividend policy with respect to each such fiscal quarter.

(9) In addition, assuming that the payment of cash dividends on the Class B common stock was not subordinated to the payment of cash dividends on the Class A common stock or subject to an annual dividend payment limitation, we estimate that the amount of EBITDA necessary to pay cash dividends on the Class A common stock at the quarterly base dividend level set forth in our dividend policy and on the Class B common stock at the intended annual base dividend level (equal to 105% of the aggregate amount of dividends payable on each share of Class A common stock for four fiscal quarters), in each case for the Initial Four Quarters would be approximately $ million. If these assumptions were satisfied and that level of EBITDA were achieved, the aggregate amount of cash dividends that would be paid for such period on the Class A common stock and the Class B common stock would be approximately $ million and $ million, respectively. No assurances can be given that this level of EBITDA will be achieved.

Assumptions and Considerations

Based upon a review and analysis conducted by our management, we believe that our EBITDA will be approximately $ million for the Initial Four Quarters. EBITDA for the twelve months ended September 30, 2005 was approximately $143.3 million. We believe that the assumptions as to capital expenditures, interest expense and cash taxes set forth in the preceding tables are reasonable. We considered numerous factors in establishing our belief concerning the minimum EBITDA and available cash required to support our dividend policy and our belief as to our estimated minimum EBITDA for the Initial Four Quarters, including the following:

our EBITDA for the fiscal years ended March 31, 2005, 2004 and 2003 was approximately $142.7 million, $155.7 million and $159.5 million, respectively, and our EBITDA for the twelve months ended September 30, 2005 was approximately $143.3 million;

term B loans under the Coinmach Corp. credit facility are not scheduled to begin to mature until July 25, 2009 and the Coinmach Corp. 9% notes are not scheduled to mature until February 1, 2010; and

while our working capital balances may vary, our business generally is not seasonal, there has not been a recent trend toward material working capital growth and we do not expect to have cash needs to fund changes in working capital in the aggregate for the Initial Four Quarters.

We have also assumed:

that our general business climate, including such factors as customer attraction and retention, regulatory compliance and lease renewal costs and fluctuations in occupancy levels, will remain consistent with previous financial periods; and

the absence of extraordinary business events such as unforeseen regulatory requirements, unanticipated adverse tax treatment of our debt or other events that might adversely affect our financial results.

Limitations on Our Ability to Pay Dividends

General

As noted above, we intend to pay dividends for the Initial Four Quarters. There can be no assurance that during or following such four full quarterly dividend payment periods we will pay the dividends at the level estimated above, or at all.

Our ability to pay dividends on shares of our capital stock will depend on, among other things, our results of operations, cash requirements, financial condition and contractual restrictions, including but not limited to the terms of the indenture governing the 11% notes. Our ability to generate cash from our operations, which in turn is dependent on our ability to attract and retain customers and our ability to service our debt obligations and capital expenditures requirements, is a significant factor affecting the amount of cash available for dividends. Other factors, including the pursuit of new business strategies or opportunities, increased regulatory compliance costs or lease renewal costs, changes in our competitive environment and changes in tax treatment of our debt, may also reduce cash available for dividends. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Future Capital Needs and Resources.

Capital expenditures related to the maintenance of our operations are intended to sustain the current service capacity and efficiency of our operations and primarily consist of machine expenditures (including machine replacements), advance location payments and laundry room improvements. Our customer contracts typically mature each year at a consistent rate. Therefore, our capital expenditures for maintenance of our machine base have generally been predictable and recurring in nature and without significant fluctuation. On an annual basis, we do not expect capital expenditures to vary significantly from the $ million estimated for the Initial Four Quarters.

Our anticipated capital expenditures, as well as other currently contemplated uses of available cash, could change based on competitive or other developments (which could, for example, increase our need for capital expenditures or working capital), new growth opportunities or other factors. Our board of directors is free to depart from or change our dividend policy at any time and could reduce dividends, for example, if it were to determine that we had insufficient cash (including borrowing capacity under the Coinmach Corp. credit facility) to both pay dividends at the dividend rate set forth in our dividend policy and take advantage of growth opportunities. In such a situation, our board could alternatively choose to continue to pay dividends at the dividend rate set forth in our dividend policy and forego such opportunities. See Risk Factors Risks Relating to Our Business Our dividend policy may negatively impact our ability to finance our working capital requirements, capital expenditures or operations.

If the IRS were successfully to challenge our position that the 11% notes are debt for U.S. federal income tax purposes, the cumulative interest expense associated with the 11% notes would no longer be deductible from taxable income, and we would be required to recognize additional tax expense and establish a related income tax liability. Any disallowance of our ability to deduct interest expense could reduce our after-tax cash flow and materially adversely affect our ability to make cash dividend payments on our common stock. Based on our anticipated level of cash requirements, including capital expenditures, scheduled interest payments and existing contractual obligations, we estimate that for the Initial Four Quarters cash flow from operations, along with available cash and cash equivalents and borrowing capacity under the Coinmach Corp. credit facility, will be sufficient to fund our operating needs and also to make our dividend payments at the levels set forth in our dividend policy even if the interest expense deduction is disallowed. However, if in the future we cannot generate sufficient cash flow to meet our needs, we may be required to reduce or eliminate dividends on our common stock. See Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies. At September 30, 2005, we had approximately $102.0 million in net operating loss carryforwards. Such net operating loss carryforwards expire between the fiscal years ending March 31, 2006 and March 31, 2024, with the majority beginning to expire after the fiscal year ending March 31, 2009. Application of such net operating losses in determining our taxable net income is subject to annual limitations regarding changes in ownership that are contained in the Internal Revenue Code.

We cannot assure you that our EBITDA will in fact meet the level described above or that it will equal or exceed our historical EBITDA levels. If our EBITDA is below our expectations or if our assumptions as to capital expenditures or interest expense were too low or our assumptions as to the sufficiency of the Coinmach Corp. credit facility to finance our working capital needs were incorrect, we may be required to do one or more of the following: (i) reduce our capital expenditures, (ii) fund capital expenditures or other costs and expenses with borrowings under the Coinmach Corp. credit facility, (iii) evaluate other funding alternatives, such as capital markets transactions, refinancing or restructuring our consolidated indebtedness, asset sales, or financing from third parties, or (iv) seek an amendment, waiver or other modification from requisite lenders under the Coinmach Corp. credit facility and/or holders of Coinmach Corp. s 9% notes, in each case to the extent the inaccuracy of our assumptions resulted in Coinmach Corp. failing to satisfy the applicable restrictions contained in the Coinmach Corp. credit facility or the indenture governing the Coinmach Corp. 9% notes and Coinmach Corp. was limited from making dividends or distributions to us. Additional sources of funds may not be available on commercially reasonable terms or at all or may not be permitted pursuant to the terms of our existing indebtedness. If we were to use working capital or permanent borrowings to fund dividends, we would have less cash and/or borrowing capacity available for future dividends and other purposes, which could negatively impact our future liquidity, our ability to adapt to changes in our industry and our ability to expand our business. Furthermore, if our EBITDA for any four consecutive fiscal quarters ending on or prior to March 31, 2006 were to be below $155.0 million or for any four consecutive fiscal quarters ending after March 31, 2006 and on or prior to December 31, 2006 were to be below $160.0 million, and as a result, we failed to satisfy the minimum EBITDA covenant under the Coinmach Corp. credit facility, we would be required to seek an amendment, waiver or other modification from the requisite lenders under the Coinmach Corp. credit facility to waive any resulting default and permit Coinmach Corp. to make distributions to us. In addition to any of the foregoing options that may be available to us, our board of

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directors may at any time and in its absolute discretion reduce the level of dividends provided for in our dividend policy or eliminate such dividends entirely.

Over time, our EBITDA and capital expenditure, working capital and other cash needs will become subject to increasing uncertainties, which could impact the level of any dividends we pay in the future. We do not intend for our estimate of our minimum level of EBITDA set forth above to be a projection or forecast of our actual results of operations or our liquidity, and we have calculated this estimate for the sole purpose of presenting and supporting our estimated annual dividend rate. No assurance can be given that our EBITDA will in fact equal or exceed the minimum level set forth above. Although we estimate that we will achieve EBITDA of $ million for the Initial Four Quarters, our belief is subject to all of the risks, considerations and factors identified in this prospectus, including those identified in this Dividend Policy and Restrictions section as well as in the sections entitled Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Future Capital Needs and Resources.

Our payment of dividends will also depend on provisions of applicable law and other factors that our board of directors may deem relevant. Under Delaware law, our board of directors may declare dividends only to the extent of our surplus (which is total assets at current value minus total liabilities at current value (as each may be determined in good faith by our board of directors), minus statutory capital), or if there is no surplus, out of our net profits, if any, for the then current and/or immediately preceding fiscal years. Dividend payments are not required or guaranteed, and holders of our capital stock do not have any legal right to receive or require the payment of dividends.

Subject to certain limitations, we may redeem all or part of the then outstanding Class B common stock on a *pro rata* basis. Any exercise by us of such redemption rights will reduce cash available for Class A common stock dividends. See Description of Capital Stock Common Stock Redemption of Class B Common Stock Redemption of Class B Common Stock by CSC. Due to our currently contemplated cash uses, including dividend payments, we do not expect to retain enough cash from operations to be able to pay the 11% notes, the Coinmach Corp. 9% notes, or the Coinmach Corp. credit facility when such indebtedness matures or when principal payments (other than regularly scheduled amortization payments under the Coinmach Corp. credit facility) on such indebtedness otherwise becomes due. Therefore, cash available for dividends will be reduced when such payments are required, unless such indebtedness is refinanced prior to such time. There can be no assurance, however, that we will be able to refinance such indebtedness on commercially reasonable terms, on terms as favorable as the refinanced indebtedness or at all. A failure to refinance such indebtedness or pay it when it becomes due would cause a default under the Coinmach Corp. credit facility, the indenture governing the Coinmach Corp. 9% notes and the indenture

gpx"> **Class C Class CName and Address of Beneficial Owner(1) Common Units Preferred Units Common Units Preferred Units**

Stephen R. Kerrigan(2)	9,270,914	2,917.97	5.14%	2.18%
Mitchell Blatt	8,326,400	3,478.87	4.61%	2.60%
Robert M. Doyle	4,865,898	523.59	2.70%	*
Michael E. Stanky	2,458,122	283.61	1.36%	*
Ramon Norniella	700,000	60.64	*	*
James N. Chapman	1,456,436	105.69	*	*
Bruce V. Rauner(3)	116,133,474	101,195.00	64.35%	75.73%
David A. Donnini(4)	116,133,474	101,195.00	64.35%	75.73%
John R. Scheessele				

Woody M. McGee

William M. Kelly

All Officers and Directors as a group (11 persons)(5)(6)
143,211,244 108,565.37 79.36% 81.25%

Other Stockholders

GTCR-CLC, LLC(3)(4)(7)
116,133,474 101,195.00 64.35% 75.73%
Filbert Investment Pte Ltd(8)
15,384,615 13,405.66 8.53% 10.03%
TCW(8)(9)
7,692,311 6,702.84 4.26% 5.02%

Note that the discussion below of the terms of our and Coinmach Corp. s existing indebtedness is merely a summary. We strongly urge you to read and carefully consider the documents describing the restrictions and limitations imposed by such indebtedness, including the indenture governing the 11% notes, the indenture governing the Coinmach Corp. 9% notes, the intercompany note and the Coinmach Corp. credit facility. Each of such documents are publicly available and are filed as exhibits to the registration statement of which this prospectus forms a part. For more information on how to obtain a copy of these documents, see Where You Can Find More Information.

Indenture Governing the 11% Notes

The indenture governing the 11% notes restricts our ability to declare and pay dividends on our capital stock. After payment of the dividend payment on our Class A common stock at the dividend rate set forth in our dividend policy to be made on December 1, 2005, we will have to comply with certain tests and restrictions under the indenture in order to pay future dividends on our capital stock. Under the indenture, we generally may pay dividends if:

(i) there is no existing or resulting default or an event of default under such indenture;

(ii) prior to and following such dividend payments we are in compliance with the consolidated fixed charge coverage ratio then in effect, and

(iii) the aggregate amount of any dividend payment (combined with any other restricted payments we have made under such indenture) does not exceed the sum of:

(y) 50% of our cumulative consolidated net income (or, if consolidated net income is a loss, minus 100% of such loss) earned during the period beginning on January 1, 2005 and ending on the last day of the fiscal quarter immediately preceding such dividend payment, plus

(z) the aggregate net cash proceeds received at any time subsequent to December 31, 2004 from purchases of certain of our securities and from certain types of equity contributions by our stockholders.

Since we anticipate that we will be unable to satisfy the foregoing test for the four consecutive fiscal quarters ending with the fiscal quarter ending December 31, 2006, we intend, subject to certain limitations described below, to pay quarterly dividends in the Initial Four Quarters in reliance on an exception to the foregoing test that is available through the maturity date of the notes and permits dividends in an amount up to 100% of our Distributable Cash Flow for such quarter, minus our Consolidated Interest Expense for the most recent quarter for which financial statements are then available (as each such term is defined in the indenture). Furthermore, to the extent that in any quarter we pay an amount of dividends less than the amount available under such formula, the difference between the amount paid and the amount available will be added to the determination of amounts available for the next quarterly dividend payments.

However, our ability to pay dividends in any quarter under the foregoing formula will be subject to certain conditions:

(i) there may not be a default or event of default under the indenture;

(ii) Consolidated Interest Expense must be less than 90% of Distributable Cash Flow; and

(iii) we must determine in good faith that, notwithstanding such dividend payments, we will be able to satisfy our future liquidity needs as specified in the indenture.

See footnote 7 to the table set forth on page 36.

While we may be permitted to make dividends under the indenture pursuant to one of the provisions described above, as well as certain other limited provisions which may, but are not specifically allocated to, be used to pay dividends, our actual ability to do so will depend on our receipt of cash from Coinmach Corp. As described below, the ability of Coinmach Corp. to distribute cash to us will be subject to the restrictive covenants contained in the indenture governing the Coinmach Corp. 9% notes and the Coinmach Corp. credit facility. As a result, circumstances may arise in the future whereby CSC is permitted to pay cash dividends on the CSC common stock under the indenture governing the 11% notes, but Coinmach Corp. would be prohibited under the terms of its indebtedness to provide us with the cash to actually pay such dividends.

Indenture Governing the Coinmach Corp. 9% Notes

The cash used to make dividend payments is funded by dividends and other distributions to us from our subsidiaries and payments of interest and principal to us by Coinmach Corp. on the intercompany note. However, dividends and distributions from our subsidiaries is subject to the discretion of their respective boards of directors and limited by the terms of each of their existing indebtedness. Under the indenture governing the Coinmach Corp. 9% notes, Coinmach Corp. may pay dividends if:

(i) there is no existing or resulting default or an event of default under such indenture;

(ii) prior to and following such dividend payments Coinmach Corp. is in compliance with the consolidated fixed charge coverage ratio then in effect under the limitation on incurrence of additional debt covenant contained in such indenture; and

(iii) the aggregate amount of any dividend payment (combined with any other restricted payments Coinmach Corp. has made under such indenture) does not exceed the sum of:
(y) 50% of Coinmach Corp.   s cumulative con border-top: 1.0pt solid black; font-size: 1pt">

* Percentage of units beneficially owned does not exceed 1% of the outstanding units of such class.

(1) All addresses for directors and officers are c/o Coinmach Laundry Corporation, 303 Sunnyside Blvd., Suite 70, Plainview, New York 11803

(2) All common units and Class C preferred units are beneficially owned by MCS Capital, Inc., a corporation controlled by Mr. Kerrigan.

(3) All common units and Class C preferred units are held by GTCR-CLC, LLC, of which GTCR Fund VII, L.P. is the managing member. Mr. Rauner is a principal of GTCR Golder Rauner, L.L.C., the General Partner of GTCR Partners VII, L.P., which is the General Partner of GTCR Fund VII, L.P. Mr. Rauner disclaims beneficial ownership of such units.

(4) All common units and Class C preferred units are held by GTCR-CLC, LLC, of which GTCR Fund VII, L.P. is the managing member. Mr. Donnini is a principal of GTCR Golder Rauner, L.L.C., the General Partner of GTCR Partners VII, L.P., which is the General Partner of GTCR Fund VII, L.P. Mr. Donnini disclaims beneficial ownership of such units.

(5) In calculating the common units beneficially owned by executive officers and directors as a group, 116,133,474 units owned by GTCR-CLC, LLC and included in the beneficial ownership amounts of each of Messrs. Rauner and Donnini are included only once.

(6) In calculating the Class C preferred units beneficially owned by the executive officers and directors as a group, 104,520 Class C preferred units owned by GTCR-CLC, LLC and included in the beneficial ownership amounts of each of Messrs. Rauner and Donnini are included only once.

(7) Address is c/o GTCR Golden Rauner LLC, Sears Tower #6100, Chicago, Illinois 60606-6402.

(8) Address is c/o Coinmach Laundry Corporation, 303 Sunnyside Blvd., Suite 70, Plainview, New York 11803.

(9) TCW affiliates currently own approximately 7,692,311 common units and 6,703 Class C preferred units as follows: (a) TCW Crescent Mezzanine Partners II, L.P. owns 4,953,193 common units and 4,316 Class C preferred units; (b) TCW Crescent Mezzanine Trust II owns 1,200,655 common units and 1,046 Class C preferred units; (c) TCW Leveraged Income Trust, L.P. owns 512,821 common units and 447 Class C preferred units; (d) TCW Leveraged Income Trust II, L.P. owns 512,821 common units and 447 Class C preferred units; and (e) TCW Leveraged Income Trust IV, L.P. owns 512,821 common units and 447 Class C preferred units. The managing owner of TCW/ Crescent Mezzanine Partners II, L.P. and TCW/ Crescent Mezzanine Trust II is TCW/

Crescent Mezzanine, L.L.C. The investment advisor for TCW/ Crescent Mezzanine Partners II, L.P. and TCW/ Crescent Mezzanine Trust II is TCW/ Crescent Mezzanine, L.L.C. The general partner of TCW Leveraged Income Trust, L.P. is TCW Advisors (Bermuda), Ltd. The investment advisor for TCW Leveraged Income Trust, L.P. is TCW Investment Management Company. The general partners of TCW Leveraged Income Trust II, L.P. are TCW (LINC II), L.P. and TCW Advisers (Bermuda), Ltd. The investment advisor of TCW Leveraged Income Trust II, L.P. is TCW Investment Management Company. The general partner of TCW Leveraged Income Trust IV, L.P. is solidated net income (or, if consolidated net income is a loss, minus 100% of such loss) earned during the period from January 1, 2002 to the end of the fiscal quarter immediately preceding such dividend payment, plus

(z) the aggregate net cash proceeds received since January 1, 2002 from purchases of certain of Coinmach Corp. s securities and from certain types of equity contributions by Coinmach Corp. s stockholders.

For more information regarding the restrictions imposed by the indenture governing the Coinmach Corp. 9% notes, see Management s Discussion and Analysis of Financial Condition Liquidity and Capital Resources Financing Activities Coinmach Corp. 9% Notes.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Transactions with Holdings and Equity Investors and Management Investors

The equity investors and the management investors, through their ownership of equity interests in Holdings, exert substantial control over our business and over matters submitted to our stockholders for approval.

The IDS Transactions

In connection with the IDS Transactions, Laundry Corp. used a portion of the net IPO proceeds to redeem all of its outstanding shares of Class A preferred stock and a portion of its outstanding shares of Class B preferred stock. Prior to the completion of the IPO, the equity investors and management investors had exchanged a portion of their equity interests in Holdings for Laundry Corp. Class A and Class B preferred stock in order to liquidate such Holdings equity interests. As a result, in connection with the redemption by Laundry Corp., certain significant Holdings equity investors Filbert Investment Pte Ltd., GTCR-CLC, LLC and certain affiliates of TCW received $61,823,758, $4,737,373 and $30,911,897 of the IPO proceeds, respectively. In addition, in connection with such redemption Messrs. Kerrigan, Blatt, Doyle, Norniella, Stanky and Chapman received $691,538, $504,089, $340,612, $3,237, $119,454 and $5,847 of the IPO proceeds, respectively.

In addition, as of November 16, 2005, affiliates of GTCR-CLC, LLC own 2,199,413 IDSs, which were purchased in the IPO and represent approximately 3% of our voting power.

Transaction Bonuses

In recognition of their efforts with respect to the completion of the IPO and the other IDS Transactions, we paid a bonus of $500,000 to Mr. Chapman, $448,000 to Mr. Kerrigan, $178,000 to Mr. Blatt and $169,000 to Mr. Doyle. The bonus to Mr. Chapman was approved by the disinterested members of our board of directors and the bonuses to Messrs. Kerrigan, Blatt and Doyle were approved by our compensation committee.

Redemption of Class B Common Stock

Sales of Class B Common Stock by Class B Common Stockhoeft: 0; margin-right: 0; margin-bottom: 0; color: #000000; background: #ffffff;">

The Coinmach Corp. Credit Facility

The Coinmach Corp. credit facility restricts the ability of Coinmach Corp. and its subsidiaries (including AWA) to declare and pay dividends on its capital stock (other than dividends to Coinmach Corp. and its wholly-owned subsidiaries). The amendment to the Coinmach Corp. credit facility that was executed in connection with the IDS Transactions permits Coinmach Corp. to make distributions to us to pay dividends on the Class A common stock and Class B common stock to the extent permitted under the indenture governing the 11% notes. Coinmach Corp. will not be permitted to make any such distributions if a default or event of default is continuing under the Coinmach Corp. credit facility.

Events of defaults may arise under the Coinmach Corp. credit facility if, among other things:

- Coinmach Corp. fails to maintain minimum EBITDA for any four consecutive fiscal quarters ending on or prior to March 31, 2006 of at least $155.0 million, ending after March 31, 2006 and on or prior to March 31, 2008 of at least $160.0 million and ending after March 31, 2008 of at least $165.0 million;

- Coinmach Corp. fails to maintain a minimum fixed charge coverage ratio (generally defined as the ratio of EBITDA less capital expenditures to fixed charges) of at least 1.0 to 1.0; and

- Coinmach Corp. fails to maintain a maximum pro forma leverage ratio (generally defined as net debt (at the end of any such four consecutive fiscal quarters) to EBITDA) for any four consecutive fiscal quarters ending on or prior to December 31, 2005 of not more than 4.60 to 1.0, ending after December 31, 2005 and on or prior to December 31, 2006 of not more than 4.20 to 1.0 and ending thereafter of not more than 4.0 to 1.0.

As previously stated, the payment of dividends is not mandatory or guaranteed by us. Additionally, none of our subsidiaries will guarantee payment of any dividends. See Risk Factors Risks Relating to the Offering We are a holding company with no direct operations and, therefore, our ability to pay dividends on our Class A common stock depends on cash flow from our subsidiaries.

For more information regarding the restrictions imposed by the Coinmach Corp. credit facility, see Management s Discussion and Analysis of Financial Condition Liquidity and Capital Resources Financing Activities Coinmach Corp. Credit Facility.

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Intercompany Note

The intercompany note of Coinmach Corp. and the intercompany note guaranty by its subsidiaries are senior unsecured obligations of Coinmach Corp. and its subsidiaries, respectively. Accordingly, our rights to payment thereon will be effectively subordinated to all secured indebtedness of Coinmach Corp. to the extent of the collateral securing such indebtedness. See Management s Discussion and Analysis of Financial Condition Liquidity and Capital Resources Financing Activities The Intercompany Loan for a further discussion of the Intercompany Note.

For the reasons stated above, we cannot assure you that any of our subsidiaries will be able to make dividends or distributions or that Coinmach Corp. or its subsidiaries will be able to make payments under the intercompany note and the intercompany note guaranty in amounts sufficient to allow us to declare or pay dividends to you as the holders of our Class A common stock.

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CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization as of September 30, 2005 of CSC (i) on a historical basis and (ii) as adjusted to give effect to this offering and the use of proceeds therefrom (assuming the underwriters overallotment option is not exercised). This table should be read in conjunction with the combined and consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	September 30, 2005	
	Actual	**As Adjusted**
	(In thousands)	
Cash and cash equivalents	$	