COINMACH SERVICE CORP
Form PRER14A
September 19, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(A) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

þ Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

COINMACH SERVICE CORP.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
o No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Coinmach Service Corp. class A common stock, $0.01 par value (Class A Common Stock)

Coinmach Service Corp. class B common stock, $0.01 par value (Class B Common Stock and together with Class A Common Stock, collectively Common Stock)

(2) Aggregate number of securities to which transaction applies:

Class A Common Stock: 29,263,595

Class B Common Stock: 23,374,450

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it

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was determined):

The filing fee was determined based upon the sum of (1) 52,395,637 shares of Common Stock multiplied by the merger consideration of $13.55 per share and (2) 242,208 restricted shares of Class A Common Stock multiplied by the merger consideration of $13.55 per share.

In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying $0.0000307 by the sum of the preceding sentence.

(3) Proposed maximum aggregate value of transaction: $713,245,510

(4) Total fee paid: $21,896.64

þ Fee paid previously with preliminary materials.
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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COINMACH SERVICE CORP.
303 Sunnyside Blvd., Suite 70
Plainview, New York 11803

PROPOSED CASH MERGER YOUR VOTE IS VERY IMPORTANT

[l], 2007

Dear Fellow Stockholder:

You are cordially invited to attend a special meeting of stockholders of Coinmach Service Corp. to be held on [l], 2007, starting at [l] a.m., local time, at [l]. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger (which we refer to as the merger agreement), dated as of June 14, 2007, by and among Coinmach, Spin Holdco Inc. and Spin Acquisition Co., a wholly-owned subsidiary of Spin Holdco, pursuant to which Spin Acquisition will merge with and into Coinmach. If the merger agreement is adopted and the merger is completed, you will be entitled to receive $13.55 in cash, without interest and less any applicable withholding tax, for each share of our Class A Common Stock or Class B Common Stock (which we refer to, collectively, as Common Stock) you own, as more fully described in the enclosed proxy statement. If the merger agreement is adopted and the merger is completed, all shares of our Class A Common Stock and notes underlying our income deposit securities will separate and our income deposit securities will no longer be outstanding.

Our board of directors after careful consideration of a variety of factors has unanimously determined that the merger agreement and the transactions contemplated thereby are advisable and fair to and in the best interests of Coinmach and its stockholders, and has approved the merger agreement, the merger and the other transactions contemplated thereby. Accordingly, our board of directors unanimously recommends that you vote FOR the adoption of the merger agreement.

Your vote is important, regardless of the number of shares of our Class A Common Stock and/or Class B Common Stock you own. The adoption of the merger agreement requires the affirmative approval of the holders of a majority of the voting power of the outstanding shares of our Class A Common Stock and Class B Common Stock entitled to vote thereon, voting together as one class. Even if you plan to attend the special meeting in person, we request that you sign and return the enclosed proxy prior to the special meeting and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card and do not attend the special meeting in person, your shares will not be counted for purposes of determining whether a quorum is present at the meeting and will have the same effect as a vote against the adoption of the merger agreement. GTCR-CLC, LLC, Coinmach Holdings, LLC, certain members of our senior management and one of our non-management directors, who collectively own approximately 61.7% of the voting power of the outstanding shares of our Common Stock entitled to vote on the adoption of the merger agreement, have entered into a voting agreement, pursuant to which they have agreed to vote in favor of the adoption and approval of the merger

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agreement and the transactions contemplated thereby, unless such voting agreement is terminated in accordance with its terms. Accordingly, the proposal will be approved without the vote of any other stockholder.

The attached proxy statement provides you with detailed information about the special meeting, the merger agreement, the other transaction documents and the merger. Copies of the merger agreement, the voting agreement, and the exchange agreement are attached as Annex A, Annex B and Annex C, respectively, to the proxy statement. We encourage you to read the entire proxy statement, the merger agreement, and other appendices carefully. You may also obtain more information about Coinmach from documents we have filed with the Securities and Exchange Commission.

Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

This special meeting of stockholders of Coinmach is being held to consider and vote on the merger agreement and the proposed merger. Accordingly, Coinmach has delayed scheduling its 2007 annual meeting of stockholders pending the outcome of this special meeting of stockholders.

Thank you in advance for your cooperation and continued support.

Sincerely,

Stephen R. Kerrigan
Chairman of the Board and Chief
Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORY AGENCY HAS APPROVED OR DISAPPROVED THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement is dated [l], 2007 and is first being mailed to stockholders of Coinmach on or about [l], 2007.

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COINMACH SERVICE CORP.
303 Sunnyside Blvd., Suite 70
Plainview, New York 11803

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [l], 2007

To Our Stockholders:

Notice is hereby given that a special meeting of stockholders of Coinmach Service Corp., a Delaware corporation (which we refer to as the Company or Coinmach), will be held at [l], on [l], 2007, at [l] a.m., local time, for the following purposes:

(1) To consider and vote upon a proposal to adopt the Agreement and Plan of Merger (which we refer to as the merger agreement), dated as of June 14, 2007, by and among the Company, Spin Holdco Inc. (which we refer to as Parent) and Spin Acquisition Co. (which we refer to as Merger Sub), as it may be amended from time to time, pursuant to which Merger Sub will be merged with and into the Company, with the Company surviving as a wholly-owned subsidiary of Parent as more fully described in the enclosed proxy statement (a copy of the merger agreement is included as Annex A to the proxy statement); and

(2) To transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

The board of directors of the Company has fixed the close of business on [l], 2007 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting. Only Coinmach stockholders of record as of the close of business on that date will be entitled to notice of and to vote at the special meeting.

We urge you to read the accompanying proxy statement carefully as it sets forth details of the proposed merger and other important information related to the merger.

Your vote is important, regardless of the number of shares of the Company s Class A Common Stock and/or Class B Common Stock you own. The adoption of the merger agreement requires the affirmative approval of the holders of a majority of the voting power of the outstanding shares of our Class A Common Stock and Class B Common Stock entitled to vote thereon, voting together as one class. Even if you plan to attend the special meeting in person, we request that you sign and return the enclosed proxy prior to the special meeting and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card and do not attend the special meeting in person, your shares will not be counted for purposes of determining whether a quorum is present at the meeting and will have the same effect as a vote against the adoption of the merger agreement.

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Registration will begin at [1] a.m., local time. If you attend, please note that you may be asked to present valid picture identification. Street name holders will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the special meeting.

Stockholders of the Company who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares of the Company s Class A Common Stock and/or Class B Common Stock if they deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all requirements of Delaware law, which are summarized in the accompanying proxy statement.

This special meeting of stockholders of the Company is being held to consider and vote on the merger agreement and the proposed merger. Accordingly, the Company has delayed scheduling its 2007 annual meeting of stockholders pending the outcome of this special meeting of stockholders.

By Order of the Board of Directors,

Robert M. Doyle
Corporate Secretary

Plainview, New York
[1], 2007

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED ENVELOPE (WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES). IF YOU DO ATTEND THE SPECIAL MEETING, YOU MAY VOTE ON THE ADOPTION OF THE MERGER AGREEMENT IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD. PLEASE VOTE AT YOUR FIRST OPPORTUNITY.

COINMACH S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

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SUMMARY

This summary provides a brief description of the material terms of the merger agreement, the merger and certain related agreements. This summary highlights selected information contained in this proxy statement and may not contain all of the information that is important to you. You are urged to read this entire proxy statement carefully, including the information referred to herein incorporated by reference and attached as appendices. Each item in this summary includes a page reference directing you to a more complete description of that item.

References in this proxy statement, unless the context requires otherwise, to Coinmach, the Company, we, our, ours, and us refer to Coinmach Service Corp.; Parent refers to Spin Holdco Inc.; Merger Sub refers to Spin Acquisition Co.; Class A Common Stock refers to our class A common stock, par value $0.01 per share; Class B Common Stock refers to our class B common stock, par value $0.01 per share, and Common Stock refers to, collectively, Class A Common Stock and Class B Common Stock.

Parties to the Merger. Coinmach Service Corp., a Delaware corporation, through its operating subsidiaries, is a leading supplier of outsourced laundry equipment services for multi-family housing properties in North America. Coinmach s core business involves leasing laundry rooms from building owners and property management companies, installing and servicing laundry equipment and collecting revenues generated from laundry machines. Spin Holdco Inc., a Delaware corporation, and Spin Acquisition Co., a Delaware corporation and wholly-owned subsidiary of Parent, are affiliates of Babcock & Brown Limited, a global investment and advisory firm operating from 29 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa, with capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown was founded in 1977 and is listed on the Australian Stock Exchange. Parent and Merger Sub were formed solely for the purpose of effecting the merger (as defined below) and transactions related to the merger. Neither Parent nor Merger Sub has engaged in any business except in connection with the merger. See The Parties to the Merger beginning on page 19.

The Merger and Related Transactions. You are being asked to adopt the merger agreement providing for the acquisition of Coinmach by Parent. Pursuant to the merger agreement, Merger Sub will merge with and into Coinmach (which we refer to as the merger). Coinmach will be the surviving corporation in the merger and will become a wholly-owned subsidiary of Parent. We encourage you to read the merger agreement, which is attached as Annex A, in its entirety. See The Merger Agreement Structure of the Merger beginning on page 63.

Simultaneously with the execution of the merger agreement, Parent, Coinmach Holdings, LLC (our controlling stockholder and owner of all of our outstanding shares of Class B Common Stock), GTCR-CLC, LLC, certain members of our senior management and one of our non-management directors entered into a voting agreement (which we refer to as the voting agreement), pursuant to which, unless the voting agreement is terminated in accordance with its terms, such parties agreed to vote certain of their respective shares of our Class A Common Stock and Class B Common Stock in favor of adoption and approval of the merger agreement.

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We encourage you to read the voting agreement, which is attached as Annex B, in its entirety. See The Voting Agreement beginning on page 86.

Simultaneously with the execution of the merger agreement, Parent, Coinmach Laundry Corporation (our wholly-owned subsidiary), the secretary of Coinmach Laundry Corporation, certain members of our senior management and one of our non-management directors, entered into an exchange agreement (which we refer to as the exchange agreement), pursuant to which, immediately prior to completion of the merger, such members of our senior management and such director will exchange, in the aggregate, 407,380 shares of our Class B Common Stock owned by them representing approximately 0.77% of the outstanding shares of our Common Stock, for shares of Parent s common stock representing approximately 1.74% of the outstanding shares of Parent s common stock. As contemplated by the voting agreement and the exchange agreement, the remainder of the shares of our Class A Common Stock and Class B Common Stock held by such members of our senior management and such director, which have not been so exchanged, would be purchased, immediately prior to completion of the merger, by a person or persons designated by Babcock & Brown Spinco LLC, an affiliate of Parent. We encourage you to read the exchange agreement, which is attached as Annex C, in its entirety. See The Exchange Agreement beginning on page 89.

Board Recommendation and Reasons for the Merger. The purpose of the merger for Coinmach is to enable its stockholders to immediately realize the value of their investment in Coinmach through their receipt of the per share merger consideration of $13.55 in cash, which represents a premium over the current and historical market prices of the Company s Class A Common Stock, including a premium of approximately 15.7% to the $11.71 closing price of the Class A Common Stock on the American Stock Exchange on June 14, 2007, the last trading day before public disclosure of execution of the merger agreement. Our board of directors has unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, fair to and in the best interests of Coinmach and its stockholders and recommends that Coinmach stockholders adopt the merger agreement. Accordingly, our board of directors unanimously recommends that Coinmach s stockholders vote FOR the adoption of the merger agreement. See The Merger Recommendation of our Board of Directors and Reasons For the Merger beginning on page 35.

Merger Consideration. If the merger is completed, you will be entitled to receive $13.55 in cash, without interest and less any applicable withholding tax, for each share of our Class A Common Stock and Class B Common Stock that you own (we refer to this amount as the merger consideration). However, shares held by us or any of our direct or indirect wholly-owned subsidiaries, by Parent or any of Parent s direct or indirect subsidiaries or by stockholders who have properly demanded and perfected statutory appraisal rights will not be so converted. See The Merger Agreement Merger Consideration beginning on page 64.

Treatment of Outstanding Restricted Stock. At the effective time of the merger, all outstanding shares of our restricted stock will no longer be restricted and will be converted into the right to receive an amount of cash equal to $13.55 per share, without interest and less applicable withholding taxes. See The Merger Agreement Treatment of Restricted Stock beginning on page 64.

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Procedure for Receiving Merger Consideration. As soon as reasonably practicable after the effective time of the merger, a paying agent appointed by Parent, with our approval, will mail instructions to all our stockholders. These instructions will tell you how to surrender your Coinmach Class A Common Stock and/or Class B Common Stock certificates in exchange for the merger consideration. See The Merger Agreement Payment Procedures beginning on page 65.

Financing of the Merger. Parent will fund the merger and the related transactions, including the payment of certain related transaction costs, charges, fees and expenses, with a combination of debt and equity commitments and available cash. Parent estimates that the total amount of funds necessary to complete the proposed merger and related transactions is approximately $[l] billion. Parent has received a debt commitment letter, dated June 14, 2007, from The Royal Bank of Scotland plc, RBS Securities Corporation, Deutsche Bank Trust Company Americas, Deutsche Bank Securities Inc. and Deutsche Bank AG Cayman Islands Branch, pursuant to which and subject to the conditions set forth therein, they have committed to provide to Parent an aggregate amount of $1.225 billion (to which we refer as the debt commitment letter) and six equity commitment letters, dated June 14, 2007, which subject to the conditions set forth therein, provide for equity commitments in an aggregate amount of $312.3 million, in each case, to fund the payment of the merger consideration, related amounts required to be paid by Parent under the merger agreement and to pay transaction costs.

The consummation of the merger is not conditioned on Parent or Merger Sub receiving the proceeds contemplated by the debt and equity commitment letters. See The Merger Financing of the Merger beginning on page 53.

Conditions to Closing. Before we can complete the merger, a number of conditions must be satisfied or waived (to the extent permitted by law), including receipt of approval of our stockholders, the absence of any law or order prohibiting the transaction and our delivery of a certain tax related certificate. The obligations of Parent and Merger Sub to effect the merger are additionally subject to, among other things:

- Coinmach s representations and warranties in the merger agreement being true and correct as of the date of the merger agreement and as of the effective time of the merger, except where the failure to be so true and correct (read for purposes of this condition without giving effect to any materiality or a material adverse effect qualification in any such representation or warranty) would not and could not reasonably be likely to have a material adverse effect on Coinmach; and

- Coinmach s performance in all material respects of any of its obligations under the merger agreement.

Our obligation to effect the merger is additionally conditioned on, among other things:

- the representations and warranties of Parent and Merger Sub in the merger agreement being true and correct as of the date of the merger agreement and as of the effective time of the merger, except where the failure to be true and correct

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(read for purposes of this condition without giving effect to any materiality or a material adverse effect qualification in any such representation or warranty) would not and could not reasonably be likely to materially delay or impair the ability of Parent and/or Merger Sub to consummate the merger and the other transactions contemplated by the merger agreement; and

the performance in all material respects by Parent and Merger Sub of any of their respective obligations under the merger agreement. See The Merger Agreement Conditions to the Merger beginning on page 80.

Termination of the Merger Agreement. Coinmach and Parent may agree in writing to terminate the merger agreement at any time without completing the merger, even after the stockholders of Coinmach have adopted the merger agreement. The merger agreement may also be terminated in certain other circumstances, including:

by either Coinmach or Parent if:

the merger does not occur by November 30, 2007 unless the terminating party breached its obligations under the merger agreement and thereby proximately caused the failure of a condition to the consummation of the merger to be satisfied;

Coinmach s stockholders vote against adoption of the merger agreement at the special meeting of stockholders unless the terminating party breached its obligations under the merger agreement and thereby proximately caused the failure of a condition to the consummation of the merger to be satisfied; or

there exists any final non-appealable legal prohibition on completion of the merger issued by a court unless the terminating party breached its obligations under the merger agreement and thereby proximately caused the failure of a condition to the consummation of the merger to be satisfied.

by Coinmach if:

our board of directors authorizes Coinmach to enter into an acquisition agreement other than the merger based on a superior proposal and pays the termination fee prior to or simultaneously with such termination;

Parent or Merger Sub breaches any of their respective representations, warranties, covenants or other agreements contained in the merger agreement, and such breach results in a material delay of or impairment of the ability of Parent and/or Merger Sub to consummate the merger and the other transactions contemplated by the merger agreement or results in the failure of a condition necessary for the closing to occur,

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and such breach is not curable within 60 days after written notice of the breach is given by the terminating party; or

(i) all closing conditions to the obligations of Parent and Merger Sub to effect the merger are satisfied or waived, (ii) Coinmach notifies Parent in writing of a proposed closing date, which will not be earlier than September 28, 2007, unless Parent has notified Coinmach that Parent and Merger Sub have and would have as of an earlier date all necessary funds to consummate the merger, and (iii) Parent or Merger Sub fails to perform its obligations necessary for the closing to occur on such proposed closing date, unless Coinmach has not complied in all material respects with its obligation to cooperate with Parent and Merger Sub in obtaining financing and completing the debt tender offer (we refer to such termination as Parent Failure to Close).

by Parent if:

our board of directors (i) withdraws, qualifies, or modifies its recommendation that stockholders adopt the merger agreement or (ii) approves, adopts, recommends, or otherwise declares advisable any other acquisition proposal; or

Coinmach breaches any of its representations, warranties, covenants or other agreements contained in the merger agreement and such breach results in the failure of a closing condition, and such breach is not curable within 60 days after written notice of the breach is given by the terminating party. See The Merger Agreement Termination of the Merger Agreement beginning on page 82.

Termination Fees and Expenses. If the merger agreement is terminated,

under certain circumstances, including a termination of the merger agreement in connection with a superior proposal or change of recommendation by our board of directors, we will be obligated to pay a termination fee of $15 million plus out-of-pocket fees and expenses incurred by Parent, Merger Sub and their affiliates of up to $2 million; and

under certain circumstances, Parent and Merger Sub will, jointly and severally, pay us $15 million plus out-of-pocket fees and expenses incurred by us or any of our affiliates of up to $2 million and reimburse any outstanding amounts required to be reimbursed to us by Parent or Merger Sub pursuant to the terms of the merger agreement.

No Solicitation Covenant. We have agreed that we will not, and will cause any of our subsidiaries not to, and we will cause our and our subsidiaries officers, directors, employees, agents, investment bankers, attorneys, accountants and representatives not to, directly or indirectly:

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initiate, solicit, knowingly encourage or otherwise knowingly facilitate any inquiries or the making of any proposal or offer that constitutes, or could reasonably be expected to lead to any acquisition proposal; or

engage in, continue or otherwise participate in any discussions or negotiations regarding, or provide any non-public information or data to any person in connection with any acquisition proposal or otherwise knowingly facilitate any effort or attempt to make or implement any acquisition proposal.

Notwithstanding these restrictions, at any time after the date of the merger agreement and before our stockholders adopt the merger agreement, we may:

provide information in response to a request by a person who has made an unsolicited bona fide written acquisition proposal providing for the acquisition of more than (i) 35% of our assets (on a consolidated basis) or (ii) more than 35% of the total voting power of our equity securities; provided that (x) such person executes a confidentiality agreement on terms substantially similar to those contained in the confidentiality agreement between Coinmach and Babcock & Brown L.P., (y) Coinmach simultaneously provides to Parent any material non-public information that is provided to such person which was not previously provided or made available to Parent, its affiliates or its representatives, and (z) our board of directors determines in good faith after consultation with outside legal counsel that failure to take such action is likely to be inconsistent with its fiduciary duties; or

engage in discussions or negotiations with any person who has made such an unsolicited bona fide written acquisition proposal; provided that our board of directors (x) determines in good faith after consultation with outside legal counsel that failure to take such action is likely to be inconsistent with its fiduciary duties, and (y) determines in good faith after consultation with its financial and legal advisors that such acquisition proposal either constitutes a superior proposal or is reasonably likely to result in one.

In addition, we may terminate the merger agreement and enter into a definitive agreement with respect to a superior proposal under certain circumstances. See The Merger Agreement Acquisition Proposals beginning on page 73.

Debt Tender Offer/Redemption of Notes. Upon Parent s request, we will commence an offer to purchase all of our outstanding 11% senior secured notes (which we refer to as the debt tender offer). Parent will finance the full payment of the notes. The completion of the debt tender offer is not a condition to completion of the merger. However, if the debt tender offer has not been consummated prior to the merger, then we expect to issue a notice of redemption with respect to the redemption of all our outstanding notes in accordance with the terms of the indenture governing our notes immediately prior to the effective time of the merger. See The Merger Agreement Debt Tender Offer; Redemption of Notes; Credit Facility beginning on page 80.

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Opinion of Houlihan Lokey. On June 14, 2007, Houlihan Lokey Howard & Zukin Financial Advisors, Inc. (which we refer to as Houlihan Lokey) rendered its oral opinion to our board of directors (which was subsequently confirmed in writing by delivery of Houlihan Lokey s written opinion dated the same date) to the effect that, as of June 14, 2007, the merger consideration to be received by the holders of shares of our Class A Common Stock (other than members of our management that will retain or acquire a direct or indirect equity interest in Parent, GTCR-CLC, LLC and their respective affiliates, whom we refer to, collectively, as the excluded stockholders) in the merger is fair to such holders from a financial point of view.

Houlihan Lokey s opinion was addressed to our board of directors and only addressed the fairness from a financial point of view of the merger consideration to be received by the holders of our Class A Common Stock (other than the excluded stockholders) in the merger and did not address any other aspect or implication of the merger. The summary of Houlihan Lokey s opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex D to this proxy statement (including such modifications solely to protect the confidentiality of the names of parties providing the equity commitments to Parent) and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. Neither Houlihan Lokey s written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and do not constitute advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to the merger. See The Merger Opinion of Houlihan Lokey beginning on page 38.

Record Date and Voting. You are entitled to vote at the special meeting if you owned shares of our Class A Common Stock and/or Class B Common Stock at the close of business on [l], 2007, the record date for the special meeting. Each outstanding share of our Class A Common Stock on the record date entitles the holder to one vote, and each outstanding share of our Class B Common Stock on the record date entitles the holder to two votes, on the proposal to adopt the merger agreement. Holders of shares of our Class A Common Stock and holders of shares of our Class B Common Stock vote together as one class. As of the record date, there were [l] shares of Class A Common Stock of Coinmach entitled to be voted and [l] shares of Class B Common Stock of Coinmach entitled to be voted. See The Special Meeting Record Date and Quorum beginning on page 20.

Stockholder Vote Required to Adopt the Merger Agreement. For us to complete the merger, stockholders holding at least a majority of the voting power of our Class A Common Stock and Class B Common Stock outstanding at the close of business on the record date, voting together as one class, must vote FOR the adoption of the merger agreement. Under the terms of the voting agreement (which would terminate upon the earlier to occur of (a) the effective time of the merger, (b) the date on which our board of directors effects a change of recommendation in accordance with the merger agreement, (c) the date on which the merger agreement is terminated or (d) December 30, 2007), holders of shares of our Class A Common Stock and Class B Common Stock having a majority of the voting power of our outstanding shares of Class A Common Stock and Class B Common Stock have agreed to vote their respective shares for the adoption of the merger agreement. Their shares represent more than the number of votes necessary to adopt the merger agreement at the special meeting even if every

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other stockholder of Coinmach votes against the adoption of the merger agreement. See The Special Meeting Vote Required beginning on page 21 and The Voting Agreement beginning on page 86.

Share Ownership of Directors and Executive Officers. As of [1], 2007, the record date for the special meeting, John R. Scheessele, Woody M. McGee and William M. Kelly, James N. Chapman and our executive officers collectively held and are entitled to vote [1] shares of our Class A Common Stock representing approximately [1]% of the total voting power of our outstanding Common Stock. In addition, some of our directors and executive officers hold common units and class C preferred units of Coinmach Holdings, LLC, our controlling stockholder (which we refer to as Coinmach Holdings). David A. Donnini and Bruce V. Rauner are principals of GTCR-CLC, LLC which controls Coinmach Holdings, which controls 61.5% of the voting power of our outstanding Common Stock. Stephen R. Kerrigan, Robert M. Doyle, Michael E. Stanky, Ramon Norniella and James N. Chapman, who beneficially own approximately 0.23% of the voting power of our outstanding Common Stock, have entered into a voting agreement to support the merger. Like all our other stockholders, our directors and executive officers (other than Messrs. Kerrigan, Doyle, Stanky, Norniella and Chapman) will be entitled to receive $13.55 per share in cash for each of their shares of our Class A Common Stock and/or Class B Common Stock (including shares of restricted stock), whether or not then vested. Messrs. Kerrigan, Doyle, Stanky, Norniella and Chapman, as contemplated by the voting agreement and the exchange agreement, immediately prior to completion of the merger, will exchange, in the aggregate, 407,380 shares of our Class B Common Stock owned by them, representing approximately 0.77% of the outstanding shares of our Common Stock, for shares of Parent s common stock representing approximately 1.74% of the outstanding shares of Parent s common stock, and the remainder of our shares of Class A Common Stock and Class B Common Stock held by them, which has not been so exchanged, will be purchased by a person or persons designated by Babcock & Brown Spinco LLC. See The Special Meeting Vote Required beginning on page 21, The Merger Interests of the Company s Directors and Executive Officers in the Merger beginning on page 47, The Voting Agreement beginning on page 86 and The Exchange Agreement beginning on page 89.

Interests of the Company s Directors and Executive Officers in the Merger. In considering the recommendation of our board of directors, you should be aware that our directors and executive officers may have interests in the merger that are different from, or in addition to, their interests as stockholders, and that may present actual or potential conflicts of interest. With respect to Messrs. Kerrigan, Doyle, Stanky, Norniella and Chapman, such interests include, as applicable, (i) exchange, in the aggregate, of 407,380 shares of our Class B Common Stock owned by them, representing approximately 0.77% of the outstanding shares of our Common Stock, for shares of Parent s common stock representing approximately 1.74% of the outstanding shares of Parent s common stock, (ii) accelerated vesting of their restricted shares of Class A Common Stock immediately prior to the effective time of the merger, (iii) entering into new employment or consulting arrangements with Parent and Coinmach, which will become effective upon the closing of the merger, (iv) adoption of an equity incentive plan by Parent or Coinmach to which executive officers will be subject, (v) payment of certain transaction bonuses in connection with the consummation of the merger and (vi) participation in the voting and exchange agreements. Additionally, our executive officers and directors will have rights under the merger agreement to continued indemnification and insurance coverage after the merger for acts or omissions occurring prior to the merger. See The Merger Interests of the Company s Directors and Executive Officers in the Merger beginning on page 47.

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Tax Consequences. If you are a U.S. holder of our Common Stock, the merger will be a taxable transaction to you. For U.S. federal income tax purposes, your receipt of cash (whether as merger consideration or pursuant to the proper exercise of appraisal rights) in exchange for your shares of Coinmach Common Stock generally will cause you to recognize gain or loss measured by the difference, if any, between the cash you receive pursuant to the merger and your adjusted tax basis in your shares.

For a more complete discussion of the U.S. federal income tax consequences of the merger including a description of the consequences of the merger to certain non-U.S. holders, see The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 56.

Tax matters can be complicated and the tax consequences of the merger to our stockholders will depend on each stockholder s particular tax situation. You should consult your tax advisors to understand fully the tax consequences of the merger to you.

Appraisal Rights. Delaware law provides you, as a stockholder, with statutory appraisal rights in the merger. This means that you are entitled to have the fair value of your shares determined by the Delaware Court of Chancery, which will determine the shares fair value exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value, and to receive payment based on that valuation. The ultimate amount you receive in an appraisal proceeding may be less or more than, or the same as, the amount you would have received under the merger agreement. To exercise your appraisal rights, you must submit a written demand for appraisal to Coinmach before the vote is taken on the merger agreement at the special meeting, you must not vote in favor of the adoption of the merger agreement and you must otherwise comply with the applicable requirements of Section 262 of the General Corporation Law of the State of Delaware. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See Statutory Appraisal Rights beginning on page 93 and Annex E Section 262 of the General Corporation Law of the State of Delaware.

Market Price of Coinmach s Common Stock. Our Class A Common Stock is listed on the American Stock Exchange under the trading symbol DRA and our units of income deposit securities are listed on the American Stock Exchange under the trading symbol DRY. On June 14, 2007, which was the last trading day before the announcement of the execution of the merger agreement, our Class A Common Stock closed at $11.71 per share, and our units of income deposit securities closed at $19.29 per unit. On [1], 2007, which was the last trading day before the date of this proxy statement, our Class A Common Stock and our units of income deposit securities closed at $[1] per share and $[1] per unit, respectively.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following section provides brief answers to some commonly asked questions regarding the special meeting and the proposed merger. This section is not intended to contain all of the information that is important to you. You are urged to read the entire proxy statement carefully, including the information in the appendices.

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition of Coinmach by Parent, pursuant to the Agreement and Plan of Merger, dated as of June 14, 2007, by and among Coinmach, Parent and Merger Sub, which is referred to in this proxy statement as the merger agreement. Once the merger agreement has been adopted by Coinmach s stockholders at the special meeting and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will be merged with and into Coinmach, with Coinmach continuing as a wholly-owned subsidiary of Parent.

Q: What will I be entitled to receive pursuant to the merger?

A: Upon completion of the merger, holders of shares of our Class A Common Stock and holders of shares of our Class B Common Stock, which are referred to in this proxy statement as holders of our Common Stock, other than any holders who choose to exercise and perfect their appraisal rights under Delaware law, will be entitled to receive $13.55 in cash, without interest and less any required withholding taxes, for each share of our Common Stock held by them.

For example, if you own 100 shares of our Class A Common Stock or Class B Common Stock, you will receive $1,355.00 in cash without interest, in exchange for your shares of our Class A Common Stock or Class B Common Stock, less any applicable withholding tax. You will not own any shares in the surviving corporation.

Q: When and where is the special meeting?

A: The special meeting of stockholders of the Company will be held on [1], 2007, at [1] a.m., local time, at [1].

Q: What vote of stockholders is required to adopt the merger agreement?

A: The merger agreement must be adopted by the affirmative vote of holders of a majority of the voting power of the outstanding shares of our Class A Common Stock and Class B Common Stock entitled to vote as of the record date, voting together as one class, in accordance with Delaware law, our Amended and Restated Certificate of Incorporation and our Amended and Restated By-Laws. Under the terms of the voting agreement (which would terminate upon the earlier to occur of (a) the effective time of the merger, (b) the date on which our board of directors effects a change of recommendation in accordance with the merger agreement, (c) the date on which the merger agreement is terminated or (d) December 30, 2007),

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the holders of more than a majority of our outstanding shares of Class A Common Stock and Class B Common Stock have agreed to vote their respective shares for the adoption of the merger agreement. Their shares represent more than the number of votes necessary to adopt the merger agreement at the special meeting even if every other stockholder of the Company votes against the adoption of the merger agreement.

Q: How does the Company s board of directors recommend that I vote?

A: Our board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement. Before voting, you should read The Merger Recommendation of our Board of Directors and Reasons for the Merger beginning on page 35 for a discussion of the factors that our board of directors considered in deciding to recommend the adoption of the merger agreement.

Q: Who may vote at the special meeting?

A: If you were a holder of shares of our Class A Common Stock and/or Class B Common Stock at the close of business on [1], 2007, the record date, you may vote at the special meeting.

Q: How many shares are entitled to vote at the special meeting?

A: Each share of our Class A Common Stock outstanding and each share of our Class B Common Stock outstanding on the record date is entitled to vote, together as one class, on the proposal to adopt the merger agreement. Each share of our Class A Common Stock is entitled to one vote and each share of our Class B Common Stock is entitled to two votes. On the record date, there were (A) [1] shares of our Class A Common Stock outstanding, and (B) [1] shares of our Class B Common Stock outstanding. GTCR-CLC, LLC, Coinmach Holdings LLC, certain members of our senior management and one of our non-management directors who collectively own shares of our Class A Common Stock and Class B Common Stock representing approximately 61.7% of the aggregate voting power of all outstanding shares of our Class A Common Stock and Class B Common Stock entitled to vote on the adoption of the merger agreement, have entered into a voting agreement pursuant to which they have agreed to vote in favor of the adoption of the merger agreement.

Q: What effect will the proposed merger have on the Company?

A: As a result of the merger, the Company will cease to be a publicly traded company and will become a subsidiary of Parent. You will no longer have any interest as stockholders in our future earnings or growth. Following consummation of the merger, the registration of our shares of Class A Common Stock and our units of income deposit securities and our reporting obligations with respect to our shares of Class A Common Stock and our units of income deposit securities under the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act), will be terminated upon application to the Securities and Exchange Commission (which we refer to as the SEC). In addition, upon completion of the proposed merger, our shares of Class A Common Stock and our units of income deposit

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securities will no longer be listed on any stock exchange or quotation system, including the American Stock Exchange (which we refer to as the AMEX).

Q: What happens if the merger is not consummated?

A: If the merger agreement is not adopted by stockholders or if the merger is not completed for any other reason, stockholders will not receive any payment for their shares in connection with the merger. Instead, the Company will remain an independent public company and our shares of Class A Common Stock and our units of income deposit securities will continue to be listed and traded on the AMEX. Under certain specified circumstances, (a) the Company may be required to pay to Parent a termination fee and reimburse Parent and Merger Sub for its out-of-pocket expenses or (b) Parent and Merger Sub may be required to pay to the Company a termination fee and reimburse the Company for its out-of-pocket expenses. See The Merger Agreement Termination Fees and Expenses beginning on page 83.

Q: What does it mean if I get more than one proxy card?

A: If you have shares of our Class A Common Stock and/or Class B Common Stock or if you have units of our income deposit securities that are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

Q: How do I vote?

A: In order to vote, you must either designate a proxy to vote on your behalf or attend the special meeting and vote your shares in person. Our board of directors requests your proxy, even if you plan to attend the special meeting, so your shares will be counted toward a quorum and be voted at the meeting even if you later decide not to attend.

Q: How can I vote in person at the special meeting?

A: If you hold shares in your name as the stockholder of record, you may vote those shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you wish to attend the meeting, please bring picture identification with you to the special meeting. Even if you plan to attend the meeting, we recommend that you submit a proxy for your shares in advance as described above, so your vote will be counted even if you later decide not to attend. If you hold shares in street name (that is, through a broker, bank or other nominee), you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from the necessary nominees giving you the right to vote the shares. To do this, you should contact your broker, bank or other nominee.

Q: How can I vote without attending the special meeting?

A: If you hold shares in your name as the stockholder of record, then you received this proxy statement and a proxy card from us. In that event, you may complete, sign, date and return your proxy card in the postage-paid envelope provided. If your shares are held in

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street name, please follow the instructions on your proxy card to instruct your broker or other nominee to vote your shares. Without those instructions, your shares will not be voted.

Q: How can I revoke my proxy?

A: If you are a registered owner, you may change your mind and revoke your proxy at any time before it is voted at the meeting by any of the following ways:

Sending a written notice to revoke your proxy to the Corporate Secretary of the Company at the address listed below, which must be received by the Company before the special meeting commences;

Coinmach Service Corp
303 Sunnyside Blvd, Suite 70
Plainview, New York 11803
Attention: Robert M. Doyle, Secretary

Transmitting a proxy by mail at a later date than your prior proxy, which must be received by the Company before the special meeting commences; or

Attending the special meeting and voting in person or by proxy.

Please note that attendance at the special meeting will not by itself constitute revocation of a proxy. If you hold your shares in street name, you should contact your broker, bank or other nominee for instructions on revoking your proxy.

Q: What is a quorum?

A: A quorum of the holders of the outstanding shares of our Class A Common Stock and Class B Common Stock counted as a single class must be present for the special meeting to be held. A quorum is present if the holders of shares of our Class A Common Stock and Class B Common Stock having a majority of the aggregate voting power of all outstanding shares of our Class A Common Stock and Class B Common Stock entitled to vote at the meeting are present at the meeting, either in person or represented by proxy. Withheld votes, abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present.

Q: How are votes counted?

A: You may vote FOR, AGAINST or ABSTAIN on the proposal to adopt the merger agreement. Abstentions will count for the purpose of determining whether a quorum is present. If you ABSTAIN with respect to the proposal to adopt the merger agreement, it has the same effect as if you vote AGAINST the approval of the merger agreement.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received

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your voting instructions and lacks discretionary power to vote the shares. Broker non-votes will count for the purpose of determining whether a quorum is present, but will not count as votes cast on a proposal. A broker non-vote will have the same effect as a vote AGAINST the adoption of the merger agreement.

A properly executed proxy card received by the Secretary of the Company before the meeting, and not revoked, will be voted as directed by you. If you properly execute and deliver your proxy card without indicating your vote, your shares will be voted FOR the adoption of the merger agreement, and in accordance with the discretion of the persons appointed as proxies on any other matters properly brought before the meeting for a vote.

Q: Who is soliciting my vote?

A: This proxy solicitation is being made by the Company. We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile or similar means, by our directors, officers or employees without additional compensation. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials and special reports to the beneficial owners of the shares they hold of record.

Q: When do you expect the merger to be completed?

A: We are working toward completing the merger as quickly as possible. However, pursuant to the terms of the merger agreement, completion of the merger will not occur prior to September 28, 2007, unless Parent notifies the Company that Parent and Merger Sub have and would have as of an earlier date all necessary funds to complete the merger. If Parent so notifies the Company on or prior to obtaining stockholders approval, we anticipate that we will complete the merger promptly after the stockholder meeting. In order to complete the merger, we must obtain stockholder approval and the other closing conditions under the merger agreement must be satisfied or waived (as permitted by law). See The Merger Agreement Conditions to the Merger beginning on page 80 and The Merger Agreement Effective Time beginning on page 63.

Q: What happens if I sell my shares before the special meeting?

A: The record date of the special meeting is earlier than the special meeting and the date that the merger is expected to be completed. If you sell or otherwise transfer your shares of Class A Common Stock and/or Class B Common Stock after the record date but before the special meeting, you will retain your right to vote at the special meeting, but will have transferred the right to receive $13.55 per share in cash to be received by our stockholders in the merger. In order to receive the $13.55 per share, you must hold your shares through completion of the merger.

Q: Who will count the votes?

A: A representative of our transfer agent, The Bank of New York Mellon Corporation, will count the votes and act as an inspector of the election.

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Q: Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares?

A: Yes. As a holder of Class A Common Stock and/or Class B Common Stock, you are entitled to appraisal rights under Delaware law in connection with the merger if you meet certain conditions. See Statutory Appraisal Rights beginning on page 93.

Q: Should I send in my stock certificates now?

A: No. Shortly after the merger is completed, you will receive by mail instructions informing you how to send your stock certificates to the paying agent in order to receive the merger consideration, without interest and less any required withholding taxes. If your shares are held in street name by your broker, you will receive instructions from your broker as to how to effect the surrender of your shares and receive cash for those shares. Do not send any stock certificates with your proxy.

Q: What will happen to any units of income deposit securities that I own prior to the record date if the merger is consummated?

A: If the merger agreement is adopted by our stockholders at the special meeting and the merger is consummated, all of our outstanding shares of Class A Common Stock will be cancelled and holders thereof, unless such holders exercise and perfect appraisal rights under Delaware law, will be entitled to receive $13.55 in cash, without interest and less any required withholding tax, for each share held by them. As a consequence of the merger and the transactions contemplated by the merger agreement, all shares of our Class A Common Stock and notes underlying our income deposit securities will separate, and our income deposit securities will no longer be outstanding. See The Merger Delisting and Deregistration of Class A Common Stock and Income Deposit Securities beginning on page 62.

Q: Do I need to take any action with respect to any income deposit securities that I own prior to the record date in order to receive $13.55 per share of Class A Common Stock underlying such units?

A: No. Each share of Class A Common Stock outstanding is entitled to vote on the proposal to adopt the merger agreement, whether or not each such share of Class A Common Stock forms a part of an income deposit security. In order to vote at the meeting with respect to any share of Class A Common Stock you may hold that underlies an income deposit security, you must follow the voting procedures set forth in this proxy statement and the accompanying proxy materials that are applicable to all shares of our Class A Common Stock.

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Q: Who can help answer my other questions?

A: If you have more questions about the special meeting or the merger, or if you have any questions about or need assistance in voting your shares, you should contact:

Robert M. Doyle
Chief Financial Officer and Secretary
Coinmach Service Corp.
303 Sunnyside Blvd., Suite 70
Plainview, New York 11803
Telephone: (516) 349-8555
email: rmdoyle@coinmachcorp.com

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of Coinmach, the expected completion and timing of the merger and other information relating to the merger. There are forward-looking statements throughout this proxy statement, including, without limitation, under the headings Summary, The Merger, The Merger Agreement, The Voting Agreement, T Exchange Agreement, and in statements containing the words anticipates, believes, estimates, expects, intends, may, will, or other similar expressions. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of Coinmach. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to publicly update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;
- the outcome of any legal proceedings that have been or may be instituted against Coinmach and others relating to the merger agreement;
- the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger or any other reason, including Parent s inability to obtain the necessary debt or equity financing arrangements set forth in commitment letters received in connection with the merger;
- the occurrence of events that would have a material adverse effect on the Company as described in the merger agreement;
- the risk that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger;
- the effect of the announcement of the merger on our customer relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the merger and the actual terms of certain financings that will be obtained for the merger;

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any other risks detailed in our current filings with the SEC, including our most recent filing on Form 10-K. See Where Stockholders Can Find More Information beginning on page 104; and

the failure of the merger to close for any other reason.

Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

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THE PARTIES TO THE MERGER

The 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 and collecting revenues generated from laundry machines. For the fiscal year ended March 31, 2007, our route business represented approximately 89% of our total revenue. 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.

In addition to our route business, we rent laundry machines and other household appliances and electronic items to corporate relocation entities, property owners, managers of multi-family housing properties and individuals through our subsidiary Appliance Warehouse of America, Inc., a Delaware corporation. Appliance Warehouse of America, Inc. is jointly owned by us and Coinmach Corporation, a Delaware corporation which is our indirect wholly-owned subsidiary. We also operate a laundry equipment distribution business through Super Laundry Equipment Corp., a Delaware corporation and our indirect wholly-owned subsidiary.

We are a Delaware corporation. We maintain our corporate headquarters at 303 Sunnyside Boulevard, Suite 70, Plainview, New York 11803, and our telephone number is (516) 349-8555. Our shares of Class A Common Stock and our units of income deposit securities are publicly traded on the American Stock Exchange under the symbols DRA and DRY , respectively.

Parent

Spin Holdco Inc. (which we refer to as Parent) is a Delaware corporation formed on June 7, 2007 solely for the purpose of acquiring the Company. Parent has not engaged in any business except as contemplated by the merger agreement. The principal office of Parent is c/o Babcock & Brown Limited, 1 Dag Hammarskjold Plaza, New York, New York 10017, and the telephone number is (212) 935-7800.

Merger Sub

Spin Acquisition Co. (which we refer to as Merger Sub) is a Delaware corporation and wholly-owned subsidiary of Parent. Merger Sub was formed on June 7, 2007 solely for the purpose of completing the proposed merger and upon the consummation of the proposed merger will cease to exist and the Company will continue as the surviving corporation. Merger Sub has not engaged in any business except as contemplated by the merger agreement. The principal office of Merger Sub is c/o Babcock & Brown Limited, 1 Dag Hammarskjold Plaza, New York, New York 10017, and the telephone number is (212) 935-7800.

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THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to Coinmach s stockholders as part of the solicitation of proxies by Coinmach s board of directors for use at the special meeting to be held at [l], on [l], 2007, at [l] a.m., local time. The purpose of the special meeting is to consider and vote upon a proposal to adopt the merger agreement, which will constitute approval of the merger and the other transactions contemplated by the merger agreement, and to transact any other business that may properly come before the special meeting or any adjournment or postponement thereof. Our stockholders must adopt the merger agreement for the merger to occur. A copy of the merger agreement is attached to this proxy statement as Annex A and is incorporated by reference herein.

The board of directors of Coinmach has approved and declared advisable the merger, the merger agreement and the transactions contemplated by the merger agreement and has declared that the merger, the merger agreement and the transactions contemplated by the merger agreement are fair to, advisable and in the best interests of, Coinmach and its stockholders. The board of directors recommends that Coinmach s stockholders vote FOR the adoption of the merger agreement.

Record Date and Quorum

The holders of record of our Class A Common Stock and the holders of record of our Class B Common Stock, in each case, as of the close of business on [l], 2007, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. On the record date, there were (A) [l] shares of our Class A Common Stock outstanding, of which (i) [l] shares of our Class A Common Stock are part of income deposit securities and (ii) [l] are restricted shares of our Class A Common Stock and (B) [l] shares of our Class B Common Stock outstanding.

The holders of shares of our Class A Common Stock and Class B Common Stock, counted as a single class, having a majority of the votes which could be cast by holders of all outstanding shares of our Class A Common Stock and Class B Common Stock on the record date represented at the special meeting in person or by proxy will constitute a quorum for purposes of the special meeting. Each share of our Class A Common Stock is entitled to one vote and each share of our Class B Common Stock is entitled to two votes. A quorum is necessary to hold the special meeting. Any shares of Class A Common Stock or Class B Common Stock held in treasury by Coinmach are not considered to be outstanding for purposes of determining whether a quorum is present. Once a share is represented at the special meeting, including any shares of Class A Common Stock or Class B Common Stock for which proxies have been received but for which stockholders have abstained, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. If a quorum is not present, the special meeting may be adjourned from time to time without further notice, if the time and place of the adjourned meeting are announced at the meeting, until a quorum is obtained.

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Vote Required

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the voting power of the outstanding shares of our Class A Common Stock and Class B Common Stock as of the record date. Each outstanding share of our Class A Common Stock on the record date entitles the holder to one vote on this proposal while each outstanding share of our Class B Common Stock on the record date entitles the holder to two votes on this proposal. The holders of shares of our Class A Common Stock and the holders of shares of our Class B Common Stock vote together as one class.

As of the record date, the directors and executive officers of Coinmach owned, in the aggregate, [l] shares of Class A Common Stock and no shares of Class B Common Stock. These shares represent approximately [l]% of the aggregate voting power of our Class A Common Stock and Class B Common Stock entitled to vote on the adoption of the merger agreement. Two of our directors, David A. Donnini and Bruce V. Rauner are principals of GTCR-CLC, LLC, which controls Coinmach Holdings, which owns 23,374,450 shares of Class B Common Stock representing approximately 61.5% of the aggregate voting power of our Class A Common Stock and Class B Common Stock entitled to vote on the adoption of the merger agreement. Therefore, as of the record date, the directors and executive officers of Coinmach beneficially own shares representing [l]% of the aggregate voting power of our Class A Common Stock and Class B Common Stock. Coinmach expects that all of these shares will be voted in favor of the proposal to adopt the merger agreement.

GTCR-CLC, LLC, Coinmach Holdings, certain members of our senior management and one of our non-management directors, who collectively own shares representing approximately 61.7% of the aggregate voting power of shares of our Class A Common Stock and Class B Common Stock entitled to vote on the adoption of the merger agreement have entered into a voting agreement, pursuant to which they have agreed to vote in favor of the adoption of the merger agreement.

Proxies; Revocation

If you are a stockholder of record and submit a proxy by mail, your shares will be voted at the special meeting as you indicate on your proxy card. If no instructions are indicated on your proxy card, your shares of our Class A Common Stock and Class B Common Stock will be voted FOR the adoption of the merger agreement and on any other matter considered at the meeting as the persons named as proxies in their discretion decide.

If your shares are held in street name by your broker, bank or other nominee, you should instruct your broker how to vote your shares using the instructions provided by your broker. If you have not received voting instructions or require further information regarding such voting instructions, contact your broker, bank or other nominee for directions on how to vote your shares. Brokers who hold shares in street name for customers may not be permitted to exercise their voting discretion with respect to the approval of the proposal before the special meeting and in such instance, absent specific instructions from the beneficial owner of such shares, are not empowered to vote such shares with respect to the adoption of the merger agreement. Such shares will constitute broker non-votes. Shares of Class A Common Stock and

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Class B Common Stock held by persons attending the special meeting but not voting, or shares for which Coinmach has received proxies with respect to which holders have abstained from voting, will be considered abstentions. Abstentions and broker non-votes will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists, but will have the same effect as a vote AGAINST adoption of the merger agreement.

You may revoke your proxy at any time before the vote is taken at the special meeting. You may revoke your proxy:

- if you hold your shares in your name as a stockholder of record, by notifying our Corporate Secretary, Robert M. Doyle, at 303 Sunnyside Boulevard, Suite 70, Plainview, New York 11803;
- by submitting a later-dated proxy card;
- by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting to do so); or
- if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

Coinmach does not expect that any matter other than the adoption of the merger agreement will be brought before the special meeting. If, however, any other matter is properly presented at the special meeting (or any adjournment or postponement thereof), the persons appointed as proxies will have authority to vote the shares represented by duly executed proxies in accordance with their discretion.

Solicitation of Proxies

This proxy solicitation is being made and paid for by Coinmach on behalf of its board of directors. Coinmach is bearing the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of Coinmach may solicit proxies personally and by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. Coinmach will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

Rights of Stockholders Who Object to the Merger

Stockholders of Coinmach are entitled to appraisal rights under Delaware law in connection with the merger. This means that you are entitled to have the value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation. The ultimate amount you receive as a dissenting stockholder in an appraisal proceeding may be more than, the same as or less than the amount you would have received under the merger agreement.

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To exercise your appraisal rights, you must submit a written demand for appraisal to Coinmach before the vote is taken on the merger agreement and you must not vote in favor of the adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See Statutory Appraisal Rights beginning on page 93 and the text of the Delaware appraisal rights statute reproduced in its entirety as Annex E to this proxy statement.

Questions and Additional Information

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call 1-800-524-4458, The Bank of New York Mellon Corporation, 101 Barclay Street Proxy, Services Dept., A-Level, New York, NY 10286.

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THE MERGER

Background of the Merger

Our board of directors and management, in their ongoing effort to maximize stockholder value, have periodically reviewed and assessed our business strategy, a variety of strategic opportunities and various trends and conditions impacting our business in general. Against the background of our initial public offering of income deposit securities in November 2004 and subsequent offering of Class A common stock in February 2006, our board of directors has considered a number of strategic alternatives, including:

- continued execution of our strategic operating plan;
- a sale of Coinmach;
- significant strategic acquisitions;
- a leveraged recapitalization accompanied by a stock repurchase or refinancing, including a redemption of all or a portion of our outstanding income deposit securities; and
- a variety of other opportunities relating to one or more of our businesses, including complementary services to other collections based route businesses such as operators of payphones and parking meters.

In connection with the pursuit of strategic alternatives, we engaged Jefferies & Co., Inc. to assist in connection with a potential strategic acquisition of Mac-Gray Corporation, our largest competitor. On November 9, 2006, we made an unsolicited written offer to Mac-Gray Corporation to acquire all of its outstanding capital stock for a cash price ranging from $13.00 to $13.75 per share, which represented a premium of between 21% and 28% over that day s closing price of Mac-Gray Corporations s common stock. Following our offer, a representative of Coinmach contacted representatives of Mac-Gray Corporation to discuss the proposed combination of the two companies. Mac-Gray was unwilling to entertain our offer and, on December 4, 2006, our offer was unanimously rejected by the board of directors of Mac-Gray Corporation.

In December 2006, we initiated a dialogue with Deutsche Bank Securities Inc., Merrill Lynch & Co. and Jefferies & Co., Inc. to explore other options to maximize stockholder value.

In January 2007, our board of directors determined that it would be in our and our stockholders best interest to conduct a formal process to evaluate a potential sale of Coinmach. Based on Deutsche Bank s and Merrill Lynch s expertise and experience in our industry, including familiarity with our business and operations having participated as lead banks in previous capital market transactions involving Coinmach, on February 1, 2007, the board of directors approved the engagement of Deutsche Bank and Merrill Lynch to act as Coinmach s financial advisors to assist in exploring a possible merger or sale of Coinmach.

In early February 2007, Deutsche Bank and Merrill Lynch, based on their experience and expertise in advising on acquisition transactions and their familiarity with our business operations and financial condition, identified and then contacted on our behalf, 13

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potential purchasers or merger partners that they believed might have an interest in pursuing a transaction with us at the highest possible valuation levels.

Throughout February and March 2007, representatives of Deutsche Bank and Merrill Lynch held numerous discussions with the 13 potential purchasers including in-depth calls to review a presentation containing public information about our business and operations to ascertain interest in pursuing a transaction with us. Of the parties contacted, (a) Babcock & Brown L.P., a global investment advisory fund, which we refer to as Babcock & Brown, (b) an infrastructure investment fund, referred to as potential purchaser #1, (c) a foreign bank, which we refer to as potential purchaser #2 and (d) another infrastructure investment fund, which we refer to as potential purchaser #3, each indicated interest in acquiring us. During this period, Coinmach entered into confidentiality agreements with each of Babcock & Brown, potential purchaser #1 and potential purchaser #2, and Deutsche Bank and Merrill Lynch sent an initial bid process letter to the three parties with whom we entered into confidentiality agreements. The letter set forth a two-phase process involving, first, the submission of written indications of interest and, thereafter, the opportunity for selected potential bidders to perform due diligence and submit a final proposal.

In early February 2007, a director of Mac-Gray Corporation, which we refer to as potential purchaser #4, contacted one of our directors indicating that potential purchaser #4 may be interested in pursuing a transaction with us. Following various communications between certain of our directors and one of the directors of potential purchaser #4, on or about February 28, 2007, one of our directors was advised that potential purchaser #4 would be interested in pursuing a potential acquisition of all of our outstanding Common Stock at the then current trading price of our Class A common stock. At or about such time, potential purchaser #4 was advised by one of our directors that we would not be interested in pursuing a transaction with potential purchaser #4 at the then current trading price of our Class A common stock.

On or about the same time, a representative of potential purchaser #3 informed representatives of Deutsche Bank that potential purchaser #3 was withdrawing from independently considering a potential transaction with us as one of its affiliates was providing financial advisory services to potential purchaser #4 in connection with the bidding process. Potential purchaser #3 advised, however, that it would consider working together with potential purchaser #4.

On February 28, 2007, members of our senior management made a presentation to representatives of potential purchaser #1 and potential purchaser #2 in New York regarding our industry and our business and financial performance.

On March 9, 2007, a director of potential purchaser #4 contacted one of our directors and indicated orally that potential purchaser #4 would be willing, subject to completing its due diligence investigations, to acquire all of our outstanding shares Common Stock for a cash price ranging from $12.75 to $13.25 per share. Over the next several weeks, certain of our directors had various conversations with representatives of potential purchaser #4 s financial advisor and one of potential purchaser #4 s directors regarding such proposed offer, potential purchaser #4 s ability to finance any proposed transaction and various diligence matters.

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On March 15, 2007, representatives of potential purchaser #2 informed representatives of Deutsche Bank that potential purchaser #2 was not going to submit a written indication of interest as they believed our Class A common stock was fully valued and would not be willing to offer any premium over the then current trading price of our Class A common stock.

On March 15, 2007, members of our senior management made a presentation to representatives of Babcock & Brown in New York regarding our industry and our business and financial performance.

That same day, potential purchaser #1 submitted a written indication of interest to representatives of Deutsche Bank and Merrill Lynch to acquire all of the outstanding shares of our Common Stock for a cash price ranging from $12.11 to $13.21 per share, which indication of interest was communicated by representatives of Deutsche Bank and Merrill Lynch to Mr. Chapman on behalf of the board of directors.

On March 21, 2007, Babcock & Brown submitted to our financial advisors a written indication of interest to acquire all of the outstanding shares of our Common Stock for a cash price of $13.50 per share, which offer was communicated to Mr. Chapman.

Following further discussions with its financing sources, representatives of potential purchaser #1 officially informed representatives of Deutsche Bank on March 28, 2007 that potential purchaser #1 was withdrawing from the bidding process because it would only consider moving forward at the low end of its price range, subject to entering into an exclusive arrangement with us, which our financial advisors advised potential purchaser #1 was not acceptable to Coinmach at that point in the bidding process.

Consistent with the second phase of the bidding process, potential purchasers were given access, subject to the terms of their confidentiality agreements, to due diligence information and other materials through an electronic virtual data room made available by us and our financial and legal advisors. Commencing in early April 2007, Babcock & Brown began detailed due diligence, including numerous conference calls, meetings and site visits with our senior management. In particular, on April 4th and 5th, representatives of Babcock & Brown met with members of our senior management and Mr. Chapman at the offices of one of our subsidiaries in Texas.

On April 13, 2007, one of our directors, who had previously been in communication with potential purchaser #4 regarding our potential sale, advised a director of potential purchaser #4 to contact one of our financial advisors regarding an interest in pursuing a transaction with us. On April 15, 2007, potential purchaser #4 s financial advisor informed Deutsche Bank that potential purchaser #4 would be willing to consider moving forward with a potential transaction to acquire us at the high end of its indicated price range provided on March 9, 2007. The following day, a representative of Deutsche Bank communicated with a representative of potential purchaser #4 s financial advisor to invite potential purchaser #4 to begin second phase due diligence and provided potential purchaser #4 s financial advisor with a preliminary index of diligence information made available through a strategic purchaser virtual data room created to control disclosure of material competitively sensitive information while still

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providing material non-public information to assist in bidder due diligence and valuation. The following day, a confidentiality agreement was sent to potential purchaser #4 s legal counsel for its review, and potential purchaser #4 s financial advisor was advised of a final bid deadline of the end of the first week of May.

On April 17, 2007, our board of directors held a special telephonic meeting to review with our financial and legal advisors the progress and status of the bidding process. Also in attendance at the meeting were representatives from our legal advisor, White & Case LLP, and our financial advisors, Merrill Lynch and Deutsche Bank. Mr. Chapman described the efforts of our financial advisors to obtain indications of interest from potential purchasers and updated the board of directors on discussions with potential purchasers. White & Case discussed with our board of directors its fiduciary duties relating to any proposed transaction. A representative of Deutsche Bank described the contents of the bid letter, process outline and bidding instructions and form of agreement and plan of merger, hereinafter collectively referred to as the bidding documents, prepared by Deutsche Bank, Merrill Lynch and White & Case and previously distributed to the board of directors. After discussion and based on the information presented at the meeting, the board of directors authorized Mr. Chapman to continue, on behalf of the board of directors, discussions with Babcock & Brown, potential purchaser #4 and any other potential purchasers with the assistance of Deutsche Bank, Merrill Lynch and White & Case. After review and comment, the board of directors further authorized the distribution of the bid documents to Babcock & Brown, potential purchaser #4 and other potential purchasers, if any.

On April 19, 2007, our financial advisors sent the bidding documents (other than the form of agreement and plan of merger) to Babcock & Brown, indicating a deadline of May 7, 2007 by which to submit a final bid.

On April 24, 2007, potential purchaser #4 executed a confidentiality agreement with us and was provided access to the strategic purchaser virtual data room, which was updated with additional information requested by potential purchaser #4. Later that day, our financial advisors forwarded the bidding documents (other than the form of agreement and plan of merger) to potential purchaser #4, indicating a deadline of May 7, 2007 by which to submit a final bid.

Over the next two days, our financial advisors delivered a draft of the merger agreement to each of Babcock & Brown and potential purchaser #4.

Over the next few weeks, our representatives and our financial advisors provided legal, financial, business and operational information to, and engaged in discussions with, representatives of each of Babcock & Brown and potential purchaser #4 in response to their due diligence requests. On April 30, 2007, members of senior management of Coinmach and Mr. Chapman, together with representatives of Deutsche Bank, Merrill Lynch and White & Case, also met with the financial advisors and other representatives of potential purchaser #4 for a diligence session in New York. Following this diligence session later that day, a representative of the financial advisor to potential purchaser #4 expressed a concern to a representative of Deutsche Bank that important information requested by potential purchaser #4 with respect to Coinmach and its operations had not been provided. We concluded, after further discussions

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with potential purchaser #4 and its financial advisor, that any information not previously shared with potential purchaser #4 or its financial advisor was information believed by our management to be competitively sensitive information that should not be disclosed to potential purchaser #4 given that it was one of our competitors and that we believed the absence of such information would not prevent potential purchaser #4 from presenting a final bid. We and our financial advisors, together with the assistance of our outside legal counsel, agreed to make ourselves available to address any other of potential purchaser #4 s diligence concerns and encouraged potential purchaser #4 to continue with its diligence review.

On May 1, 2007, Messrs. Kerrigan and Chapman, together with representatives of Deutsche Bank and Merrill Lynch, met with representatives of Babcock & Brown for a due diligence session in New York.

On May 2, 2007, Messrs. Kerrigan and Chapman, together with representatives of Deutsche Bank and Merrill Lynch, met with their financial advisors and other representatives of potential purchaser #4 for a due diligence session in New York.

On May 7, 2007, Babcock & Brown and potential purchaser #4 submitted their final bids. Babcock & Brown s final bid contained an offer to acquire all of our outstanding shares of Common Stock for $13.55 per share in cash. Babcock & Brown s bid was accompanied by a mark-up of the draft merger agreement and four commitment letters from three major banks with commitments for debt financing. Babcock & Brown s bid was not subject to a due diligence contingency (other than completion of confirmatory due diligence), and did not condition the merger on obtaining financing. However, Babcock & Brown s bid (i) was subject to satisfaction of certain minimum liquidity conditions immediately following consummation of the merger and (ii) contained a statement that Babcock & Brown would expect to discuss customary equity rollover and incentive compensation arrangements with members of Coinmach s senior management in advance of executing final deal documentation, but the results of such discussions should not affect the purchase price proposed by Babcock & Brown. As part of the bid, Babcock & Brown also required that our controlling stockholder, Coinmach Holdings, GTCR-CLC and certain members of our senior management enter into a voting agreement, pursuant to which such parties would vote in favor of the proposed transaction and adoption of the merger agreement. Potential purchaser #4 s bid contained an indication of interest to acquire all of our outstanding shares of Common Stock for a cash price equal to $13.25 per share, subject to completing additional due diligence, which was estimated to take an additional three to four weeks. Potential purchaser #4 s bid was not accompanied by a mark-up of the merger agreement nor any debt or equity financing commitments.

On May 9, 2007, our board of directors held a regular meeting in Charlotte, North Carolina, to, among other things, review with members of our senior management and our financial and legal advisors the progress and status of the bidding process, including the bid submitted by Babcock & Brown and the indication of interest submitted by potential purchaser #4. Representatives of Deutsche Bank and Merrill Lynch reviewed with our board of directors various strategic alternatives available to us and also provided an analysis regarding strategic alternatives and information regarding our historical stock price ranges and our trading multiple ranges. They also updated our board of directors on the status of discussions of the bidding process to date and the terms and conditions of the bid and indication of interest submitted by Babcock & Brown and potential purchaser #4, respectively. White & Case advised our board of

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directors further on its fiduciary duties in light of the proposals of Babcock & Brown and potential purchaser #4. Our board of directors then discussed with its financial and legal advisors the terms of Babcock & Brown s proposal and potential purchaser #4 s indication of interest, including, among other things, price, structure, closing conditions, break-up fee and reverse break-up fee, financing commitments and timing. Our board of directors also discussed potential conflicts of interests of the members of our board of directors in connection with the proposed transactions. In that regard, our board of directors determined that Mr. Kerrigan, who is our chief executive officer and director, had conflicting interests as Babcock & Brown s bid was subject to entering into satisfactory arrangements with members of our senior management upon consummation of the transaction. Following a discussion, our board of directors authorized Mr. Chapman, on behalf of our board of directors, to continue discussions with Babcock & Brown and potential purchaser #4 with the assistance of Deutsche Bank, Merrill Lynch and White & Case. Following Babcock & Brown s request to enter into management arrangements as part of its proposal, our board of directors authorized Mr. Kerrigan, on behalf of members of our senior management, to discuss management arrangements (including, terms of management s future employment, terms of the exchange by management of Coinmach s equity for Parent s equity and Parent s equity incentive plan) with Babcock & Brown with the assistance of independent legal counsel. Finally, our board of directors determined to engage an independent financial advisor to provide its opinion as to the fairness of the consideration to be received by holders of our Class A common stock should our board of directors determine to go forward with any of the proposed transactions. To that end, our board of directors authorized Messrs. Chapman and Donnini to contact potential financial advisors, obtain from each such financial advisor a proposal to retain their services in connection with such fairness opinion and negotiate the terms of any engagement letter with such financial advisors.

Following the board of directors meeting on May 9, 2007, representatives of Deutsche Bank encouraged potential purchaser #4 to increase its offer and comply as soon as possible with the terms of the bidding documents by submitting a markup of the merger agreement and evidence of its ability to finance the proposed acquisition. Potential purchaser #4 was also advised that our board of directors would consider an offer comprised of cash, stock or any combination thereof and encouraged potential purchaser #4 to submit its best offer. Representatives of potential purchaser #4 advised that at least three to four additional weeks would be required for it to complete its due diligence, and that additional information regarding Coinmach, including information believed by our management to be material competitively sensitive information, would need to be provided. Potential purchaser #4 also confirmed that it would need additional time to arrange financing commitments, obtain internal approvals from its investment committees and to review and mark-up the merger agreement prior to submitting a final bid. Also, on May 9, 2007, representatives of Deutsche Bank and Merrill Lynch requested that Babcock & Brown increase its offer price from $13.55 per share and discussed with representative of Babcock & Brown certain issues with respect to Babcock & Brown s comments to the merger agreement, including, among other things, the break-up fee, reverse break-up fee and closing conditions.

On May 10, 2007, representatives of Deutsche Bank notified potential purchaser #4 that we received a higher bid than the one submitted by potential purchaser #4 and encouraged potential purchaser #4 to increase its bid and submit its final bid as soon as possible in compliance with the bidding documents. Also, on May 10, 2007, representatives from Babcock & Brown advised representatives of Deutsche Bank and Merrill Lynch that Babcock &

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Brown was firm on its offer price of $13.55 per share and was amenable to agreeing to certain changes to the merger agreement requested by our board of directors, including creating parity in the aggregate amount of the break-up fee and reverse breakup-fee and the removal of certain Parent closing conditions.

That same day, Messrs. Chapman and Donnini also contacted three independent financial advisors, including Houlihan Lokey, with respect to engaging such firms to render a fairness opinion should our board of directors determine to go forward with any of the proposed transactions and requested from each such financial advisor a proposal to retain their services.

On May 11, 2007, Mr. Chapman, on behalf of our board of directors, and Mr. Kerrigan met with representatives of Babcock & Brown in New York to discuss current employment agreements of Coinmach s senior management and began preliminary discussions regarding the terms of new employment agreements of Coinmach s senior management following the completion of the merger. The parties at such meeting agreed that each of Messrs. Kerrigan, Doyle, Stanky and Norniella would execute new employment agreements with Coinmach and Parent. From May 11 through June 13, 2007, the parties negotiated various issues regarding management arrangements, including base salaries, guaranteed bonuses and discretionary bonuses, specific terms of the change in control provisions, severance payments, non-competition and non-solicitation clauses, the definitions of Cause and Good Reason in the context of termination for Cause or resignation with Good Reason, the terms of the exchange by certain members of our senior management and one of our non-management directors of Coinmach s equity for Parent s equity, the vesting requirement of an equity incentive plan and the terms of the exchange agreement.

On or about May 14, 2007, each member of the board of directors of Coinmach received a letter, dated May 11, 2007, from potential purchaser #4, a competitor of Coinmach, in which potential purchaser #4 contended that it did not have access to sufficient information to perform its due diligence investigation, alleging contrary to Coinmach s view, that Coinmach s only confidential information should be the names of its customers. Potential purchaser #4 claimed that it could provide synergies critical to the aggressive price it had indicated, and advised that, without reviewing further information to validate its assumptions, it was being prevented from confirming an offer.

On May 14, 2007, our board of directors held a special telephonic meeting to review with members of our senior management and our financial and legal advisors the progress and status of negotiations with Babcock & Brown and potential purchaser #4. Mr. Donnini also described the terms of the letter he had received from potential purchaser #4 (which had previously been distributed to the other board members). Our board of directors discussed the issues raised by potential purchaser #4 s request to obtain competitively sensitive information and discussed various alternatives through which any such information could be provided. Following such discussions, our board of directors reiterated their collective concerns about sharing any competitively sensitive information with any strategic bidder, determined that providing competitively sensitive information to potential purchaser #4 under the facts and circumstances would likely be detrimental to Coinmach if an acquisition of Coinmach were not to be consummated with potential purchaser #4 or consummated with any other purchaser. At the meeting, Messrs. Chapman and Donnini also described the terms of three proposals obtained by them from financial advisors to provide a fairness opinion. Our board of directors authorized the engagement of Houlihan Lokey due to Houlihan Lokey s familiarity with Coinmach and its securities (arising from prior engagements), its experience, reputation and the terms of its proposal.

During the week of May 14, 2007, certain members of our senior management and Mr. Chapman responded to inquiries of representatives of Houlihan Lokey regarding our business, operations and financial condition in connection with preparation of Houlihan Lokey s fairness opinion.

On May 17, 2007, representatives of White & Case and Debevoise & Plimpton

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LLP, Babcock & Brown s outside legal counsel, met in New York to discuss and negotiate the terms of the merger agreement and the voting agreement. In particular, representatives of the two firms negotiated, among other things, the materiality standards applicable to various representations and warranties, the terms of the closing conditions, the circumstances under which the break up fee and reverse-break up fee would be paid, timing considerations relating to Babcock & Brown s financing commitments and the terms of the no-shop and fiduciary out provisions.

On May 17, 2007, White & Case, on behalf of our board of directors, responded in writing to potential purchaser #4 s May 11th letter. In such response, White & Case noted that potential purchaser #4 s submission failed to comply with the conditions and requirements set forth in the bidding documents. Specifically, potential purchaser #4 s indication of interest contained a broad due diligence condition, failed to include sources and uses of funds information relative to the proposed acquisition financing, failed to include potential purchaser #4 s strategic plans for Coinmach going forward, failed to include evidence of financing commitments and failed to provide requested comments to the proposed form of merger agreement. Additionally, the response letter noted that, notwithstanding the aggressive price alluded to in potential purchaser #4 s letter, such price was lower than that of any other final bid. It was further noted that the failure to demonstrate an ability to finance the proposed transaction coupled with the failures to comply with the bidding documents made it impossible to evaluate potential purchaser #4 s indication of interest. It was also noted that since potential purchaser #4 operated in the same industry, that it should require less due diligence to evaluate Coinmach than a financial buyer, and potential purchaser #4 was cautioned that disclosure of competitively sensitive information of the type requested could be detrimental to Coinmach if a potential transaction were not consummated. Potential purchaser #4 was urged to immediately submit a final bid in cash, stock or any combination thereof in compliance with the conditions and requirements set forth in the bidding documents and was invited to request any specific further due diligence information which was not of a competitively sensitive nature, and that we would consider any such request. Potential purchaser #4 never responded to our letter or submitted another bid.

On May 21, 2007, a representative of Babcock & Brown informed Deutsche Bank and Merrill Lynch that Babcock & Brown did not yet have the full amount of its equity commitment in place, but that it was in discussions with several third party investors to obtain the required equity commitments. Representatives of Babcock & Brown also advised that it was confident that such additional equity would be obtained and affirmed its proposed offer price of $13.55 per share.

On or about May 22, 2007, representatives of Babcock & Brown sent draft employment agreements to Mr. Kerrigan based on the executives existing employment agreements for review. On May 24, 2007, members of our senior management engaged their own legal advisor, Olshan Grundman Frome Rosenzweig & Wolosky LLP, or Olshan, in connection with such members of our senior management s discussions and negotiations of management arrangements (including, terms of such members of our senior management s future employment, terms of the exchange by them of Coinmach s equity for Parent s equity and equity incentive plan) with Coinmach and Babcock & Brown following consummation of the transaction.

On May 24, 2007, our board of directors held a special telephonic meeting to review with members of our senior management and our financial and legal advisors the progress and status of negotiations with Babcock & Brown and potential purchaser #4. Representatives of Deutsche Bank and Merrill Lynch informed our board of directors of Babcock & Brown s efforts to obtain the necessary equity commitments to acquire Coinmach. They further informed our board of directors that there had not been any further communications with potential purchaser #4 since May 17, 2007, the date on which White & Case responded to potential purchaser #4 s letter to our board of directors. After further discussion, our board of directors instructed its financial advisors to notify Babcock & Brown that our board of directors expected Babcock & Brown to obtain all financing approvals and debt and equity commitments by June 1, 2007.

On May 30, 2007, White & Case provided a draft of the disclosure schedules to the merger agreement to Debevoise & Plimpton. On May 31, 2007, senior management s legal counsel provided initial comments on the employment agreements prepared by Debevoise & Plimpton.

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On June 1, 2007, a representative of Babcock & Brown notified a representative of one of our financial advisors that Babcock & Brown had obtained all financing approvals and reached agreements in principle to secure the necessary debt and equity commitments to fund the proposed transaction and would work to promptly finalize the terms of such commitments.

On June 4, 2007, Debevoise & Plimpton provided to White & Case and to Olshan a draft of an exchange agreement, pursuant to which certain members of our senior management and Mr. Chapman, immediately prior to completion of the merger, would exchange a portion of their shares of Coinmach s Common Stock for certain shares of Parent. On June 5, 2007, Messrs. Kerrigan and Doyle, representatives of Babcock & Brown and their respective legal counsel had a conference call to negotiate employment agreement terms, including base salary levels, minimum bonus levels for 2008, incentive bonus targets, severance provisions and post-employment non-competition restrictions. The parties continued to exchange drafts with respect to these issues until June 10, 2007.

On June 7, 2007, Debevoise & Plimpton sent to Olshan a draft consulting services agreement for Mr. Chapman based on his existing consulting services agreement. Between June 7, 2007 and June 10, 2007, the parties exchanged drafts of the consulting services agreement, in which the parties negotiated terms including contract termination rights, restrictive covenants and tax reimbursements.

On June 8, 2007, our board of directors held a special telephonic meeting to review with members of our senior management and our financial and legal advisors, the progress and status of the negotiations with Babcock & Brown. Representatives of Deutsche Bank and Merrill Lynch informed our board of directors that Babcock & Brown obtained the necessary equity commitments to consummate the proposed transaction. Representatives of White & Case updated our board of directors on the status of the debt commitment letters and related proposed debt financing and outstanding material issues under the merger agreement, including the definition of Company Material Adverse Effect , circumstances under which we would be permitted to continue to pay dividends on our outstanding capital stock, and the scope and nature of our and our management s obligations to assist Babcock & Brown in obtaining its debt and equity financing, namely, that (i) the chief executive officer, chief financial officer or other necessary members of senior management or individual performing the functions customarily associated with such titles and positions of Coinmach who may be reasonably expected to participate in such cooperation, be available to meet with rating agencies, lenders, auditors and investors to assist with road shows, presentations and diligence, and (ii) Coinmach provide Parent with necessary financial and other information customarily provided in Rule 144A private placements to assist Parent in consummating the debt financing. Representatives of White & Case further updated our board of directors that there were no outstanding material issues under the other transaction documents. Mr. Kerrigan updated our board of directors on the discussions among Mr. Kerrigan, our senior management s legal advisor, representatives of Babcock & Brown and their legal advisor relating to proposed management arrangements with Babcock & Brown upon consummation of the proposed transaction.

On June 10, 2007, Mr. Kerrigan, Babcock & Brown and their respective legal representatives discussed the management arrangements, including the terms of certain members of our senior management s and Mr. Chapman s participation in the Parent equity following closing of the transaction, and the exchange agreement. These discussions primarily involved limitations on such members of senior management s right to receive severance, the tax treatment of the exchange by such members of our senior management and Mr. Chapman of Coinmach s equity for Parent s equity, and certain of the terms of such Parent equity, including put and call rights upon termination of employment and in the event of a future sale transaction. The parties also discussed the steps under the exchange agreement and senior management s participation in the Parent s management incentive equity plan following closing of the transaction. Further discussions among Mr. Kerrigan, Babcock & Brown and their respective legal representatives continued through June 14, 2007. During this period Debevoise & Plimpton and Olshan exchanged drafts of the employment agreements and the exchange agreement, which where finalized on June 14, 2007.

Further discussions between us and our legal and financial advisors and Babcock & Brown and their legal advisor continued through June 14, 2007. During this period, White & Case and Debevoise & Plimpton exchanged several drafts of the merger agreement, the voting

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agreement, the exchange agreement, the equity and debt commitment letters and other ancillary documents relating to the proposed transaction.

In the morning of June 14, 2007, our board of directors held a meeting to consider the proposed transaction with Babcock & Brown. Prior to the meeting, our board of directors was provided with substantially final drafts of the merger agreement, the Company s disclosure schedules to the merger agreement, the voting agreement, the exchange agreement and a detailed summary of the merger agreement and proposed resolutions relating to the proposed transaction. At the meeting:

representatives of Deutsche Bank and Merrill Lynch reviewed the history of the discussions between us and Babcock & Brown and reviewed the history of the discussions between us and potential purchasers #1, #2, #3 and #4;

representatives of Deutsche Bank and Merrill Lynch informed our board of directors that White & Case was working on finalizing all the transaction documents and that White & Case expected to receive final debt and equity financing commitment letters in satisfactory form later that day;

representatives of Houlihan Lokey discussed certain financial analyses related to the proposed transaction and delivered its oral opinion described herein with respect to the fairness from a financial point of view of the consideration to be received by holders of our Class A common stock (other than certain members of our management, GTCR-CLC, LLC and their respective affiliates) pursuant to the proposed transaction, which opinion was subsequently confirmed in writing on June 14, 2007. See Opinion of Houlihan Lokey Howard & Zukin beginning on page 38;

representatives of White & Case reviewed with our board of directors their fiduciary duties when considering the proposed transaction;

representatives of White & Case reviewed with our board of directors that certain members of our board of directors had interests in the transaction as a result of the proposed employment agreements and rollover of their equity in Coinmach;

representatives of White & Case also reviewed with our board of directors the terms and conditions of the proposed merger agreement, the voting agreement and the exchange agreement; and

our board of directors discussed proposals (including any potential conflicts of interest arising therefrom) to make bonus and other payments in an aggregate amount of $11.5 million to four members of our senior management and one of our directors (in consideration for their assistance with the proposed transaction and their agreement to contribute a portion of their Common Stock to Babcock & Brown pursuant to the terms of the exchange agreement), and to forgive certain management loans in an aggregate amount of approximately $2 million upon

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consummation of the proposed transaction. See Transaction Bonuses ;

After further discussion, our board of directors determined to adjourn the board meeting and reconvene later that afternoon to afford our board members an opportunity to further consider the proposed payments to certain members of our senior management and Mr. Chapman.

Later that afternoon, our board of directors reconvened to continue their consideration of the proposed transaction with Babcock & Brown. After discussions with its financial and legal advisors, and based on the presentations made at the board meeting held earlier that morning, our board of directors, after motion duly made and seconded, unanimously (with the exception of Messrs. Kerrigan and Chapman, who each abstained) approved payments to four members of our senior management and to Mr. Chapman to be made upon consummation of the proposed transaction with Babcock & Brown in an aggregate amount of approximately $8.6 million. After discussions with its financial and legal advisors, our board of directors determined that those certain management loans in an aggregate principal amount of approximately $2 million should not be forgiven, but rather should be repaid by management on or prior to consummation of the proposed transaction. Then, representatives of White & Case reviewed with our board of directors each of the proposed resolutions relating to the transaction. After brief discussion and motion duly made and seconded, our board of directors then unanimously determined it to be in our best interest and the best interests of our stockholders to enter into the merger agreement and consummate the merger on the terms and conditions set forth in the merger agreement. Our board of directors resolved unanimously to approve and adopt (a) the merger agreement and the other transactions contemplated by the merger agreement, and (b) the voting agreement and the exchange agreement for purposes of Section 203 of the General Corporation Law of the State of Delaware, and resolved unanimously to recommend that our stockholders vote to approve and adopt the merger agreement and the transactions contemplated by the merger agreement.

Immediately following the meeting of our board of directors on June 14, 2007, the board of managers of our controlling stockholder, Coinmach Holdings, held a meeting in connection with the proposed transaction with Babcock & Brown. After discussion and motion duly made and seconded, the board of managers of our controlling stockholder unanimously approved certain payments in an aggregate amount of approximately $3.5 million to three members of our senior management and one of our directors (in consideration for their assistance with the proposed transaction and their agreement to contribute a portion of their Common Stock to Babcock & Brown pursuant to the terms of the exchange agreement).

The merger agreement was executed by the parties on the evening of June 14, 2007, concurrently with the execution of the voting agreement and the exchange agreement by certain members of our senior management and Mr. Chapman and the other parties thereto.

On June 15, 2007, we and Babcock & Brown each issued a press release publicly announcing the transaction and execution and delivery of the merger agreement.

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Recommendation of our Board of Directors and Reasons for the Merger

Our board of directors unanimously determined that the terms of the merger agreement, including the merger consideration of $13.55 in cash per share of our Class A Common Stock and Class B Common Stock, and the merger are advisable and fair to, and in the best interests of, our stockholders.

Our board of directors unanimously determined that the merger agreement and the merger were advisable and fair to and in the best interests of Coinmach and our stockholders. Our board of directors unanimously approved and declared advisable the merger agreement and the merger, and recommends that our stockholders vote FOR the adoption of the merger agreement.

In deciding to adopt the merger agreement and to recommend approval of the merger to our stockholders as discussed below, our board of directors considered a number of factors, including the factors listed below. In view of the number and wide variety of factors considered in connection with its evaluation of the merger, our board of directors did not attempt to quantify or otherwise assign weight to the information and specific factors it considered in reaching its determination, and individual directors may have given different weight to different information and different factors. Our board of directors viewed its approval and recommendation as being based on the totality of the information and factors presented to and considered by it. In reaching its decision, our board of directors consulted with our management team. Our board of directors also consulted with Deutsche Bank and Merrill Lynch with respect to the financial aspects of the transaction, with Houlihan Lokey with respect to the fairness from a financial point of view of the merger consideration to be received by the holders of our Class A Common Stock (other than to excluded stockholders) in the merger and with White & Case with respect to the merger agreement and related issues. Our board of directors considered the following factors, among others:

Coinmach s business, financial condition, results of operations, prospects, current business strategy, competitive position in its industry and general economic and stock market conditions;

the fact that the price offered by Parent represents a premium of more than 15% of the closing price of Coinmach s Class A Common Stock on June 14, 2007, and a premium of approximately 22% above the 30 day volume-weighted average price of Coinmach s Class A Common Stock as of June 14, 2007;

the financial analysis reviewed and discussed with our board of directors by representatives of Houlihan Lokey as well as the oral opinion of Houlihan Lokey delivered to our board of directors on June 14, 2007 (which was subsequently confirmed in writing by delivery of Houlihan Lokey s written opinion dated the same date) with respect to the fairness from a financial point of view of the merger consideration to be received by the holders of our Common Stock other than the excluded shareholders in the merger;

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the efforts made by Coinmach and its advisors to negotiate and execute a merger agreement favorable to Coinmach;

the fact that the merger consideration is all cash, so that the transaction allows our stockholders to immediately realize a fair value, in cash, for their investment and provides such stockholders certainty of value for their shares;

the lack of a financing condition to the consummation of the merger; however, if the completion of the merger does not occur due to Parent s inability to obtain necessary financing, then Coinmach s sole remedy is to seek payment of $15 million plus up out-of-pocket fees and expenses incurred by it or its affiliates of up to $2 million, from Parent and Merger Sub, as more fully described under The Merger Agreement Termination Fees and Expenses beginning on page 82;

the financial and other terms and conditions of the merger agreement as reviewed by our board of directors (as more fully described under The Merger Agreement beginning on page 63) and the fact that they were the product of arm s-length negotiations between the parties;

our board of directors ability, subject to compliance with the terms and conditions of the merger agreement, to furnish information to and conduct negotiations with other third parties interested in pursuing a transaction with Coinmach, as more fully described under The Merger Agreement Acquisition Proposals beginning on page 73;

the board of directors ability, subject to compliance with the terms and conditions of the merger agreement, to modify and change its recommendation with respect to the merger agreement, enter into an alternative transaction or recommend an alternative transaction, in certain circumstances if required by its fiduciary obligations to the stockholders, as more fully described under The Merger Agreement Acquisition Proposals beginning on page 73;

the fact that Coinmach would be required to pay Parent certain termination fees and expenses in order to enter into an alternative acquisition agreement with a third party, which our board of directors believes constitutes a superior proposal and that, while such fees and expense reimbursement would increase the cost to a third party interested in acquiring Coinmach, a third party would not be precluded from making a superior proposal to acquire Coinmach, as more fully described under The Merger Agreement Termination Fees and Expenses beginning of page 82;

the possible conflicts of interests of certain directors and members of management of Coinmach;

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the fact that the merger agreement provides sufficient operating flexibility for us to conduct our business in the ordinary course between the signing of the merger agreement and the consummation of the merger; and

the availability of appraisal rights for our stockholders who properly exercise these statutory rights.

Coinmach s board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

the fact that the merger will eliminate the opportunity of our stockholders to participate in any potential future growth in the value of Coinmach;

the fact that an all cash transaction would be taxable to Coinmach s stockholders for U.S. federal income tax purposes;

the risk that the merger might not be completed in a timely manner or at all;

the risks and costs to Coinmach if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships; and

the restrictions on the conduct of Coinmach s business prior to the completion of the merger, requiring Coinmach to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent Coinmach from undertaking business opportunities that may arise pending completion of the merger.

In light of the number and variety of factors our board of directors considered in connection with the evaluation of the merger and the merger agreement, our board of directors did not find it practicable to quantify or otherwise assign relative weights to any of the foregoing factors and, accordingly, our board of directors did not do so. After considering these factors, our board of directors has unanimously:

determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Coinmach and its stockholders;

approved the merger, the merger agreement and the transactions contemplated by the merger agreement; and

recommended that Coinmach s stockholders adopt the merger agreement.

Our board of directors unanimously recommends that you vote for FOR the adoption of the merger agreement.

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Opinion of Houlihan Lokey

At the June 14, 2007 meeting of our board of directors, Houlihan Lokey rendered its oral opinion to our board of directors (which was subsequently confirmed in writing by delivery of Houlihan Lokey s written opinion dated the same date) to the effect that, as of June 14, 2007, the merger consideration to be received by the holders of shares of our Class A Common Stock (other than the excluded stockholders) in the merger was fair to such holders from a financial point of view.

Houlihan Lokey s opinion was directed to our board of directors and only addressed the fairness from a financial point of view of the merger consideration to be received by the holders of our Class A Common Stock other than the excluded stockholders in the merger and did not address any other aspect or implication of the merger. The summary of Houlihan Lokey s opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex D to this proxy statement (including such modifications solely to protect the confidentiality of the names of parties providing the equity commitments to Parent) and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. Stockholders are urged to read this opinion in its entirety. Neither Houlihan Lokey s written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and do not constitute advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to the merger.

In arriving at its opinion, Houlihan Lokey, among other things:

1. reviewed Coinmach s annual reports to stockholders on Form 10-K for the years ended March 31, 2005, March 31, 2006 and March 31, 2007;

2. reviewed Coinmach s Form 10-Q for the quarter ended December 31, 2006;

3. reviewed certain of Coinmach s filings with the Securities and Exchange Commission including the Form 8-K dated February 1, 2007, the Form 8-K dated May 14, 2007, the Schedule 14A relating to the Company s 2006 annual meeting of shareholders, and Form S-1/A dated February 2, 2006;

4. reviewed drafts of the following agreements and documents:

(a) a draft, dated June 14, 2007, of the merger agreement;

(b) a draft, dated June 14, 2007, of the voting agreement; and

(c) the Deutsche Bank Securities Inc. debt commitment letter dated June 14, 2007, the Merrill Lynch Capital Corporation debt commitment letter, the RBS Securities Corporation debt commitment letter dated June 14, 2007, and drafts of seven equity commitment letters from

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those parties that ultimately provided the equity commitments to Parent in connection with the merger;

5. reviewed letters from prospective purchasers regarding their interest in acquiring all or a substantial portion of Coinmach;

6. met and spoke with certain members of management of Coinmach regarding the operations, financial condition, future prospects and projected operations and performance of Coinmach and regarding the merger;

7. reviewed Coinmach s financial forecasts and projections as prepared by Coinmach s management for the fiscal years ending March 31, 2008 through March 31, 2011;

8. spoke with Coinmach s financial and other advisors regarding the proposed merger;

9. reviewed the historical market prices and trading volume for Coinmach s publicly traded securities and those of certain companies with publicly traded securities which Houlihan Lokey deemed relevant;

10. reviewed certain other publicly available financial data for certain companies that Houlihan Lokey deemed relevant and publicly available transaction prices and premiums paid in other change of control and similar transactions that Houlihan Lokey deemed relevant for companies in related industries to Coinmach; and

11. conducted such other financial studies, analyses and inquiries and reviewed such other documents as Houlihan Lokey deemed appropriate.

Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to it, discussed with or reviewed by it, or publicly available, and did not assume any responsibility with respect to such data, material and other information. In addition, management of Coinmach advised Houlihan Lokey, and Houlihan Lokey assumed, that the financial forecasts and projections reviewed by it had been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of such management as to the future financial results and condition of Coinmach, and Houlihan Lokey expressed no opinion with respect to such forecasts and projections or the assumptions on which they were based. Houlihan Lokey relied upon and assumed, without independent verification, that there had been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of Coinmach since the date of the most recent financial statements provided to it, and that there was no information or any facts that would make any of the information reviewed by Houlihan Lokey incomplete or misleading. Houlihan Lokey did not consider any aspect or implication of any other transaction or agreement, including the voting

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agreement and the exchange to which Coinmach or its security holders was a party (except as expressly set forth in Houlihan Lokey s opinion).

Houlihan Lokey relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the agreements identified above and all other related documents and instruments that are referred to therein were true and correct, (b) each party to all such agreements would fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the merger would be satisfied without waiver thereof, and (d) the merger would be consummated in a timely manner in accordance with the terms described in the agreements and documents provided to Houlihan Lokey, without any amendments or modifications thereto material to its analyses or any adjustment to the aggregate merger consideration (through offset, reduction, indemnity claims, post-closing purchase price adjustments or otherwise) or any other financial term of the merger. Houlihan Lokey also relied upon and assumed, without independent verification, that (i) the merger would be consummated in a manner that complies in all material respects with all applicable federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the merger would be obtained and that no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would result in the disposition of any material portion of the assets of Coinmach, or otherwise have an adverse effect on Coinmach or any expected benefits of the merger. In addition, Houlihan Lokey relied upon and assumed, without independent verification, that the final forms of the draft documents identified above would not differ in any material respect from such draft documents.

Furthermore, in connection with its opinion, Houlihan Lokey was not requested to make, and did not make, any physical inspection or independent appraisal of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of Coinmach or any other party, nor was Houlihan Lokey provided with any such appraisal. Houlihan Lokey expressed no opinion regarding the liquidation value of any entity. Houlihan Lokey did not undertake an independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which Coinmach was or may be a party or was or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which Coinmach was or may be a party or was or may be subject and, at our direction and with our consent, Houlihan Lokey s opinion made no assumption concerning, and therefore did not consider, the potential effects of any such litigation, claims or investigations or possible assertion of claims, outcomes or damages arising out of any such matters.

Houlihan Lokey was not requested to, and did not, (a) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the merger, the assets, businesses or operations of Coinmach, or any alternatives to the merger, (b) negotiate the terms of the merger, or (c) advise our board of directors or any other party with respect to alternatives to the merger. Houlihan Lokey s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Houlihan Lokey did not undertake, and are under no obligation, to

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update, revise, reaffirm or withdraw it s opinion, or otherwise comment on or consider events occurring after the date of the opinion.

Houlihan Lokey s opinion was furnished for the use and benefit of our board of directors in connection with its consideration of the merger and was not intended to, and does not, confer any rights or remedies upon any other person, and is not intended to be used, and may not be used, for any other purpose, without our prior written consent. Houlihan Lokey s opinion should not be construed as creating any fiduciary duty on Houlihan Lokey s part to any party. Houlihan Lokey s opinion was not intended to be, and does not constitute, a recommendation to any security holder of Coinmach or any other person as to how such person should act or vote with respect to the merger.

Houlihan Lokey was not requested to opine as to, and its opinion does not address: (i) the underlying business decision of Coinmach, its security holders or any other party to proceed with or effect the merger, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form or any other portion or aspect of, the merger or otherwise, except as expressly addressed in Houlihan Lokey s opinion, (iii) the fairness of any portion or aspect of the merger to the holders of any class of securities, creditors or other constituencies of Coinmach, or any other party other than those set forth in Houlihan Lokey s opinion, (iv) the relative merits of the merger as compared to any alternative business strategies that might exist for Coinmach, or any other party or the effect of any other transaction in which Coinmach, or any other party might engage, (v) the tax or legal consequences of the merger to either Coinmach, its security holders, or any other party, (vi) the fairness of any portion or aspect of the merger to any one class or group of Coinmach s or any other party s security holders vis-à-vis any other class or group of Coinmach s or any other party s security holders (including without limitation the allocation of any consideration amongst or within such classes or groups of security holders), (vii) whether or not Coinmach, its security holders or any other party is receiving or paying reasonably equivalent value in the merger, or (viii) the solvency, creditworthiness or fair value of Coinmach, or any other participant in the merger under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters. Furthermore, no opinion, counsel or interpretation was intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. It was assumed that such opinions, counsel or interpretations have been or would be obtained from the appropriate professional sources. Furthermore, Houlihan Lokey relied, with our consent, on the assessment by the Company and its advisers, as to all legal, regulatory, accounting, insurance and tax matters with respect to the Company and the merger.

In preparing its opinion to our board of directors, Houlihan Lokey performed a variety of analyses, including those described below. The summary of Houlihan Lokey s valuation analyses is not a complete description of the analyses underlying Houlihan Lokey s fairness opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither a fairness opinion nor its underlying analyses are readily susceptible to partial analysis or summary description. Houlihan Lokey arrived at its opinion based on the results of all analyses

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undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Houlihan Lokey believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Houlihan Lokey considered business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of the written opinion. No company, transaction or business used in Houlihan Lokey s analyses for comparative purposes is identical to Coinmach or the proposed merger. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Houlihan Lokey did not make separate or quantifiable judgments regarding individual analyses. The implied reference range values indicated by Houlihan Lokey s analyses are illustrative and not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond our control and the control of Houlihan Lokey. Much of the information used in, and accordingly the results of, Houlihan Lokey s analyses are inherently subject to substantial uncertainty.

Houlihan Lokey s opinion and analyses were provided to our board of directors in connection with its consideration of the proposed merger and were among many factors considered by our board of directors in evaluating the proposed merger. Neither Houlihan Lokey s opinion nor its analyses were determinative of the merger consideration or of the views of our board of directors or management with respect to the merger.

The following is a summary of the material valuation analyses performed in connection with the preparation of Houlihan Lokey s opinion rendered to our board of directors on June 14, 2007. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying and the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Houlihan Lokey s analyses.

For purposes of its analyses, Houlihan Lokey reviewed a number of financial metrics including:

> Enterprise Value generally the value as of a specified date of the relevant company s outstanding equity securities (taking into account its outstanding warrants and other convertible securities) plus the value of its minority interests plus the value of its net debt (the value of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash on its balance sheet) as of a specified date;

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EBITDA generally the amount of the relevant company s earnings before interest, taxes, depreciation, and amortization for a specified time period; and

EBIT generally the amount of the relevant company s earnings before interest and taxes for a specified time period.

Unless the context indicates otherwise, enterprise and per share equity values used in the selected companies analysis described below were calculated using the closing price of our Class A Common Stock and the common stock of the selected companies listed below as of June 13, 2007, and the transaction and per share equity values for the target companies used in the selected transactions analysis described below were calculated as of the announcement date of the relevant transaction based on the purchase prices paid in the selected transactions. Estimates of EBITDA and EBIT for Coinmach for the fiscal years ending March 31, 2008 and March 31, 2009 were based on estimates provided by our management. Estimates of EBITDA and EBIT for the selected companies listed below for the fiscal years ending 2008 and 2009 were based on publicly available research analyst estimates for those companies. For purposes of its analyses, Houlihan Lokey calculated enterprise values for the Company after taking into account the estimated present value of certain net operating losses and goodwill amortization tax shields. The aggregate present value of such net operating losses and goodwill amortization tax shields were estimated based on discussions with Coinmach s management to be approximately $49 million to $52 million.

Selected Companies Analysis

Houlihan Lokey calculated multiples of enterprise value and considered certain financial data for Coinmach and selected companies.

The calculated multiples included:

Enterprise value as a multiple of fiscal 2007 EBITDA;
Enterprise value as a multiple of estimated 2008 EBITDA;
Enterprise value as a multiple of estimated 2009 EBITDA;
Enterprise value as a multiple of 2007 EBIT;
Enterprise value as a multiple of estimated 2008 EBIT; and
Enterprise value as a multiple of estimated 2009 EBIT.

The selected companies were:

Mac-Gray Corp.

Aaron Rents, Inc.

Rent-A-Center, Inc.

Cintas Corp.

G&K Services Inc.

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Iron Mountain Inc.

H&E Equipment Services Inc.

United Rentals, Inc.

Coinstar Inc.

UniFirst Corp.

The selected companies analysis indicated the following:

Multiple Description	Low	High	Median	Mean
Enterprise Value as a multiple of:				
2007 EBITDA	5.2x	12.9x	8.9x	8.8x
2008E EBITDA	4.9x	12.0x	8.2x	8.1x
2009E EBITDA	4.6x	10.3x	7.5x	7.3x
2007 EBIT	9.2x	21.3x	13.2x	14.7x
2008E EBIT	8.2x	16.5x	12.6x	11.9x
2009E EBIT	7.4x	15.3x	10.9x	10.9x

Houlihan Lokey applied multiple ranges based on the selected companies analysis to corresponding financial data for Coinmach provided by Coinmach s management. The selected companies analysis indicated an implied reference range value per share of our Class A Common Stock of $10.56 to $13.41, as compared to the proposed merger consideration of $13.55 per share of our Class A Common Stock.

Selected Transactions Analysis

Houlihan Lokey calculated multiples of enterprise value and per share equity value to certain financial data based on the purchase prices offered or paid in selected publicly-announced transactions involving target companies it deemed relevant.

The calculated multiples included:

Enterprise value as a multiple of the target company s latest 12 months (LTM) EBITDA; and

Enterprise value as a multiple of the target company s LTM EBIT.

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The selected transactions were:

Acquirer	Target	Date
Coinmach Service Corp.	Mac-Gray Corp.	12/4/06 (date of offer)
Rent-A-Center, Inc.	Rent-Way, Inc.	11/15/06
Sunbelt Rentals, Inc.	NationsRent Companies, Inc.	8/31/06
Diamond Castle Holdings, LLC	NES Rentals holdings, Inc.	7/21/06
Coinmach Service Corp.	American Sales, Inc.	4/3/06
Mac-Gray Corp.	Lundermac Co. Inc.	1/23/06
Sunbelt Rentals, Inc.	Northridge Equipment Services Inc.	10/18/05
Sagard SAS	Kiloutou SA	10/11/05
Martin Dawes Group	Teleview Direct Limited	5/23/05
Odyssey Investment Partners, LLC	Neff Corp.	6/3/05
Mac-Gray Corp.	Web Service Company/13 W. & S. States Laundry Facilities Management Business	1/10/05
Rent-A-Center, Inc.	Rent Rite, Inc.	5/10/04
Rent-A-Center, Inc.	Rainbow Rentals, Inc.	5/14/04
Mac-Gray Corp.	Web Service Company/Eastern U.S. Operations	1/20/04
3i group plc	HSS Hire Service Group plc	1/21/04
Aaron Rents, Inc.	DPR Investments/15 Franchise Stores	8/13/03
Rent-A-Center, Inc.	Rent-Way, Inc./295 stores	2/8/03
GTCR Golder Rauner, LLC	Coinmach Laundry Corp.	7/14/00

The selected transactions analysis indicated the following:

Multiple Description	Low	High	Median	Mean
Enterprise Value as a multiple of:				
LTM EBITDA	4.7x	17.0x	6.6x	8.0x
LTM EBIT	13.4x	94.9x	18.4x	30.7x

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Houlihan Lokey applied multiple ranges based on the selected transactions analysis to corresponding financial data for Coinmach provided by Coinmach s management. The selected transactions analysis indicated an implied reference range value per share of our Class A Common Stock of $12.65 to $15.31, as compared to the proposed merger consideration of $13.55 per share of our Class A Common Stock.

Discounted Cash Flow Analysis

Houlihan Lokey also calculated the net present value of Coinmach s unlevered, after-tax cash flows based on the projections provided by our management. In performing this analysis, Houlihan Lokey used discount rates ranging from 10% to 14% based on Coinmach s estimated weighted average cost of capital and terminal value multiples ranging from 5.5x to 9.5x based on the multiples indicated by its selected companies analyses. The discounted cash flow analyses indicated an implied reference range value per share of our Common Stock of $7.71 to $13.60, as compared to the proposed merger consideration of $13.55 per share of our Class A Common Stock.

Other Matters

We engaged Houlihan Lokey, pursuant to a letter agreement, dated as of May 11, 2007, to render an opinion to our board of directors with respect to the fairness from a financial point of view of the merger consideration to be received by the holders of our Class A Common Stock other than the excluded stockholders in the merger. We engaged Houlihan Lokey based on Houlihan Lokey s experience and reputation. Houlihan Lokey is regularly engaged to render financial opinions in connection with mergers and acquisitions, financial restructuring, tax matters, ESOP and ERISA matters, corporate planning, and for other purposes. Under the terms of the letter agreement, Houlihan Lokey received a fee for its services a portion of which became payable upon the execution of the engagement letter with Houlihan Lokey, with the remainder to be paid on the delivery of Houlihan Lokey s opinion. No portion of such fee is contingent upon the consummation of the merger or the conclusions set forth in Houlihan Lokey s opinion. In addition, Coinmach has agreed to reimburse Houlihan Lokey for certain of its reasonable out-of-pocket expenses incurred in connection with the service rendered by Houlihan Lokey under its engagement letter with Coinmach. Coinmach has also agreed to indemnify Houlihan Lokey and certain related parties for certain liabilities and to reimburse Houlihan Lokey for certain expenses arising out of its engagement.

In the ordinary course of business, certain of Houlihan Lokey s affiliates, as well as investment funds in which they may have financial interests, may acquire, hold or sell, long or short positions, or trade or otherwise effect transactions, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, Coinmach or any other party that may be involved in the merger and their respective affiliates or any currency or commodity that may be involved in the merger.

Houlihan Lokey and its affiliates have in the past and are currently providing certain valuation services to us. Houlihan Lokey also may in the future provide investment banking, financial advisory and other financial services to Coinmach and its affiliates for which Houlihan Lokey and its affiliates expect to receive and would expect to receive compensation.

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Interests of the Company s Directors and Executive Officers in the Merger

In considering the recommendation of Coinmach s board of directors with respect to the merger, you should be aware that some of Coinmach s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of Coinmach s stockholders generally. These interests may present them with actual or potential conflicts of interest, and these interests, to the extent material, are described below. Our board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger.

Company Incentive Plans and Treatment of Restricted Stock

Coinmach s 2004 Long-Term Incentive Plan and the restricted stock award agreements entered into with members of our senior management from time to time in respect of awards of Class A Common Stock under the plan contain change of control provisions, and the consummation of the merger will constitute a change of control for purposes of the plan and such agreements. Under the plan and those agreements, upon a change of control , all restricted awards of Class A Common Stock granted under the plan will become fully vested on the date of the change of control and the holder of such shares will become the owner of such shares free of all restrictions otherwise imposed by such agreements. In accordance with the foregoing, the merger agreement provides that at the consummation of the merger, each award of restricted Class A Common Stock granted under our 2004 Long-Term Incentive Plan and 2004 Unit Incentive Sub-Plan will no longer be subject to vesting, performance, forfeiture or other restriction provisions imposed on such restricted shares by their terms immediately prior to consummation of the merger, and will be converted automatically, by virtue of the merger, into a right to receive $13.55 per share. See The Merger Agreement Treatment of Restricted Stock beginning on page 64.

As of June 14, 2007, there were approximately 242,208 shares of our Class A Common Stock represented by restricted stock awards, of which 199,723 were held by Coinmach s directors and executive officers. At the effective time of the merger, all shares of restricted stock will become fully vested and all restrictions on such shares will lapse.

The following table summarizes the restricted stock awards held by each of Coinmach s directors and executive officers as of June 14, 2007 and the approximate consideration that each of them will receive pursuant to the merger agreement (assuming no exercise of appraisal rights) for such awards:

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	Number of Shares of Restricted Class A Common Stock		Estimated Consideration (Before Withholding)
Non-Employee Directors:			
William M. Kelly	4,167	$	56,463
Woody M. McGee	4,167	$	56,463
John R. Scheessele	4,167	$	56,463