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Coinmach reports 7.7% decline in EBITDA despite capital expenditures of over \$100 million. Yet the company claims 61% EBITDA growth.

Yesterday, Coinmach Laundry Corporation (NASDAQ Symbol: WDRY) (Price: \$26.3125) reported fiscal year 1998 EBITDA of \$101.4 million. According to Coinmach's prospectus dated December 16, 1997, fiscal year 1997 Pro Forma EBITDA was \$97.8 million. Before adjusting Coinmach's fiscal 1998 EBITDA for growth achieved through added machines and acquisitions, its base EBITDA appears to have grown by 3.7%. However, Coinmach's fiscal 1998 EBITDA includes \$3.8 million in contribution from acquisitions and \$7.3 million in internal growth that are not included in the fiscal 1997 Pro Forma. Using these reported figures to make 1997 comparable to 1998, EBITDA actually declined by \$7.5 million equal to 7.7%. This decline occurred despite non-acquisition capital expenditures in the last two years of \$100.3 million.

Coinmach's fourth quarter results also compare negatively to the third quarter. Adjusting for the approximate EBITDA contribution of the acquisitions closed during the fourth quarter, Coinmach's EBITDA grew less than \$0.7 million. This adjustment is based on the acquisitions' historical EBITDA and does not include any adjustments for Coinmach's claimed new machines or operating improvements. Any such improvement would further reduce claimed growth. Coinmach claims to have spent over \$13.1 million in growth and \$20.0 million in maintenance capital expenditures during the third and fourth quarters.

In the fourth quarter Coinmach continued its policy of claiming growth capital expenditure without reporting any resulting increases in revenue or EBITDA. Coinmach claims its capital expenditures resulted in a net increase in machines without identifying their regional location or whether the machines were added to its leasing or coin operated business. Revenues vary widely among machines by region and by whether they are leased to customers or coin operated. Coinmach has admitted that its claimed growth capital expenditures are actually an average number and include certain non-disclosed acquisitions.

On January 20, 1998 Coinmach announced that Macke had approximately \$122 million and \$39 million in revenues and EBITDA for its year ended June 30, 1997. On March 17th Coinmach failed to file Macke's financial statements in a Form 8K. This filing is required. Coinmach paid approximately \$213 million to acquire Macke. Macke's financial statements are included in Coinmach's March 31, 1998 balance sheet. Coinmach has yet to disclose Macke's financial statements.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.