

## **COINMACH SERVICE CORP.**

### **AUDIT COMMITTEE CHARTER**

#### **I. Purpose**

The purpose of the Audit Committee of the Board of Directors of Coinmach Service Corp., a Delaware corporation, (the “Company”) is to assist the Board of Directors of the Company (the “Board”) in fulfilling its oversight responsibilities by reviewing and overseeing:

- (i) the preparation, quality and integrity of the Company’s financial statements and other financial information;
- (ii) the Company’s system of internal controls, accounting and financial reporting processes and legal and regulatory compliance;
- (iii) the qualifications, independence and performance of the independent auditors;  
and
- (iv) the performance of the Company’s internal audit function.

In discharging its oversight role, the Audit Committee is empowered to investigate any matter within the Audit Committee’s scope of responsibilities with full access to all books, records, facilities and personnel of the Company.

To the extent it deems appropriate, the Audit Committee has the authority to engage, retain and determine funding for independent legal, accounting or other consultants or advisors as the Audit Committee determines necessary to carry out its duties.

#### **II. Composition**

The Audit Committee shall be appointed by the Board. The Audit Committee shall be comprised of at least three directors, and may be comprised of more than three directors if so determined by the Board. All members of the Audit Committee shall meet the independence and experience requirements of the American Stock Exchange (“AMEX”), the Sarbanes-Oxley Act of 2002, Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission (the “Commission”). Determinations as to the independence, financial literacy, financial expertise or sophistication and other qualifications of each member of the Audit Committee will be made by the Board.

To be considered independent, an Audit Committee member must be free from any relationship with management or the Company that would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. All members of the Audit Committee must be financially literate, which would include the ability to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Audit Committee must also be an “audit committee financial expert” as defined by the Commission or be financially sophisticated as required by the AMEX rules and regulations.

Unless a Chairman is appointed by the Board, the members of the Audit Committee may designate a Chairman by a majority vote of the members of the Audit Committee.

No member of the Audit Committee may serve on the audit committee of more than three (3) public companies (including the Audit Committee of the Company) at the same time. For this purpose, service on the audit committees of a parent and its substantially owned subsidiaries counts as service on a single audit committee.

### **III. Meetings**

The Audit Committee shall meet as often as is necessary to discharge its duties, but in no case less than quarterly. Meetings of the Audit Committee may be held telephonically. A majority of the members of the entire Audit Committee shall constitute a quorum. The Audit Committee shall act on the affirmative vote of a majority of the members of the entire Audit Committee. Without a meeting, the Audit Committee may act by unanimous written consent of all members.

In order to maintain a line of communication between the Board, management, the Company's internal auditors and the independent auditors, the Audit Committee shall meet at least quarterly with management and with the independent auditors.

The Audit Committee may invite to its meetings any director, member of management or such other person as it deems appropriate in order to carry out its responsibilities.

### **IV. Responsibilities and Duties**

#### ***A. Financial Statements and Disclosure; Financial Reporting Process***

1. Review and discuss with management and the independent auditors (i) the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to filing with the Commission, (ii) any certification, report, opinion or review rendered by the independent auditors, prior to filing of any such items with the Commission, and (iii) any public earnings announcements or financial information and earnings guidance prior to their disclosure. The Audit Committee may be represented by the Chairman or a subcommittee to review earnings announcements and earnings guidance.
2. Discuss with management and review: (a) all critical accounting estimates and judgments, including how accounting principles or policies were chosen among alternatives, the methodology of applying them and the assumptions made, and the impact of changes in those principles or policies, both qualitatively and quantitatively and (b) any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company that may have a material current or future effect on the Company's financial condition, results of operations, liquidity or capital resources, and (c) all material related-party transactions.

3. Evaluate and discuss with the independent auditors their judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting, the clarity of the Company's financial disclosures, the degree of aggressiveness or conservatism of the Company's accounting principles and the underlying estimates, and significant decisions made by management in preparing the financial disclosure.
4. Review and discuss with the independent auditors the results of their audit, including the matters required to be discussed by Statement of Auditing Standards No. 61 relating to the conduct of the audit, such as any difficulties encountered during the course of the audit, any restrictions on the scope of the activities or access to information and any significant disagreements with management.
5. Determine whether to recommend to the Board that the Company's annual financial statements be included in its Annual Report on Form 10-K.
6. Review and discuss with the independent auditors and management the integrity of the Company's financial reporting processes and controls, both internal and external, to ensure the reliability of financial reporting and compliance with applicable codes of conduct, laws and regulations.
7. Review and discuss with the independent auditors, and review any reports from independent auditors with respect to: (a) all critical accounting policies and practices to be used, (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management and (c) the effect or potential effect of significant new accounting practices and principles, if any, applicable to the Company.
8. Consider and approve, or make recommendations to the Board of Directors to approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management.
9. Resolve disagreements, if any, between management and the independent auditor regarding financial reporting.

***B. Internal Controls; Legal and Regulatory Compliance***

10. Review the adequacy of the Company's internal controls, including information system controls and security, and review with management and the independent auditors the Company's annual assessment of its internal controls. Meet periodically with management to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled.
11. Establish regular and separate systems of reporting to the Audit Committee by each of the Company's management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.

12. Review and investigate any related party transactions and other matters pertaining to the integrity of management, including potential conflicts of interest, or adherence to standards of business conduct as required by the policies of the Company.

13. Review with the Company's counsel (i) any legal or regulatory matter that could have a significant impact on the Company's financial statements or financial condition and (ii) corporate compliance policies or codes of conduct.

14. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters.

### ***C. Internal Audits***

15. Review with management, the independent auditors and the internal auditors the performance of the Company's internal audit function, including the objectivity and authority of its reporting obligations, the proposed audit plans for the coming year, and the results of internal audits and discuss related significant internal control matters with them.

16. Review periodically the adequacy of the Company's accounting, financial and auditing personnel resources to support the Company's internal controls and procedures, including budgeting and staffing and, if appropriate, recommend changes.

17. Review significant reports to management prepared by the internal auditors and management's responses to such reports.

### ***D. Independent Auditor***

18. Appoint, oversee, evaluate and, where appropriate, replace the independent auditors (or nominate the independent auditors to be proposed for stockholder approval in the Company's annual proxy statement). Approve all audit and non-audit services prior to the appointment or engagement of the independent auditor to provide such services to the Company, (any member of the Audit Committee may grant any required approvals, subject to reporting such approvals to the Audit Committee at its next scheduled meeting). Approval of any permitted non-audit work must be disclosed to the Company's stockholders. The independent auditors will report directly to and are accountable to the Audit Committee.

19. Evaluate the qualifications and performance of the independent auditors, including considering whether the independent auditors' internal controls are adequate. Obtain and review a report from the independent auditors at least annually, which report shall be consistent with Independence Standards Board Standard 1 (as may be amended or supplemented), regarding: (a) the independent auditor's internal quality control procedures, (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more audits

performed by the firm, (c) steps taken to deal with any issues, and (d) all relationships between the independent auditor and the Company.

20. Take appropriate action to oversee the independence of the outside auditor, including the evaluation and discussion with the independent auditor of any relationships or proposed or completed services (including the provision of any non-audit services), that may impact the objectivity and independence of the auditor.

21. Review with the independent auditors the plan and scope of their audit and its results when completed. Periodically discuss with the independent auditors progress during the year in accomplishing the plan.

22. Report all conclusions with respect to the independent auditor's performance or independence to the Board of Directors and recommend the Board of Directors take any actions that the Audit Committee deems appropriate.

23. Approve the fees and other compensation to be paid to the independent auditors.

24. Assure regular rotation of members of the audit engagement team as may be required by law.

#### ***E. Annual Reports and Evaluation; Charter Review***

25. Review annually and self-evaluate the performance of the Audit Committee, including a review of the Audit Committee's compliance with this Charter. The Audit Committee shall conduct such evaluation and review in such manner as it deems appropriate and report the results of the evaluation to the Board.

26. Prepare and provide the report required to be included in the Company's annual proxy statement pursuant to the rules and regulations of the Commission, as well as any other reports required to be provided by the Audit Committee by AMEX or the rules and regulations of the Commission.

27. Review and assess annually, the adequacy of this Charter and make recommendations to the Board, as conditions dictate, to amend this Charter.

#### ***F. Other Duties***

28. Recommend annually, or more frequently where necessary, the appropriate funding of the Audit Committee.

29. Perform any other activities consistent with this Charter, the Company's By-Laws and applicable law, as the Audit Committee or the Board deems appropriate.