

Laundry InSourcing a New Alternative for Hospitality

Historically the hospitality industry had three alternatives for providing linen and uniform processing to: i) invest in equipment and to operate an on-premise laundry; ii) invest in building and equipping a laundry plant to serve its various brands in from a centralized location or from a larger hotel serving as a shared laundry facility; and iii) close the laundries and outsourcing to a local commercial laundry vendor.

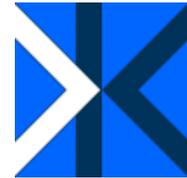
In our experience hotel owners typically prefer not to invest in laundries unless pricing from an area commercial vendor is cost prohibitive and/or quality and service does not meet the standards of its hotels. The owners favor investing in revenue generating hotel rooms, restaurants, spas, and recreation areas. The new alternative, which we call “InSourcing” enables hotel owners and hotel management to enjoy the best of both worlds, that is, their linen and uniforms are processed within the hotel property, and they have control over quality and services without future capital investment.

InSourcing – What is it?

Under an InSourcing Agreement, our parent company, Crothall Laundry Services (“CLS”) would operate the hotel laundry, valet, and uniform distribution departments, “collectively Laundry” at a “guaranteed cost per occupied room or in certain situations per pound” and from its fee, pay for all operating expenses, including payroll, fringe and taxes, supplies, equipment repair and maintenance, utilities, and administrative costs. CLS also has the financial backing of our Global parent, Compass Group PLC to invest in future Laundry equipment and systems, and to maintain linen par levels.

Benefits to the Owners and Operators

- Guaranteed Laundry, linen and uniform replacement cost reduction.
- Elimination of the administrative responsibilities to oversee the Laundry. Directors of Housekeeping or Engineering will have more time to devote to the core competency, while maintain control over quality and service.
- Elimination of services provided to the Laundry and its employees, such as payroll, human resources, and engineering.
- Asset protection of the Laundry equipment.
- Reduce linen par levels; outsourcing requires at least one additional linen par.
- Simplification of the Laundry and linen budgeting process, that is, the guaranteed price times the forecasted occupancy become the budget.
- Elimination of employee safety issues.
- Laundry Capital avoidance.



Services CLS provides with its InSourcing Program

- Management leadership and all employees required to operate the Laundry
- Regional oversight of our responsibilities with experienced Laundry Directors of Operations.
- High quality and services
- Equipment repair and maintenance
- Reduced utility consumption under our “green program”
- Monthly linen and uniform inventories
- Linen utilization control
- Capital investment, as required

VKCo Proposal

We offer to conduct a comprehensive financial and operational analysis of your Laundry without charge to determine the feasibility of providing our InSourcing Services and to evaluate the condition of your Laundry equipment. Following our analysis, assuming InSourcing is feasible for you and us, we shall submit a proposal to provide InSourcing Services.

About Victor Kramer Company and Crothall Laundry Services

Victor Kramer Company was founded in 1939 and has a prestigious 78-year history of laundry-linen-drycleaning consulting, laundry engineering design, and facility management experience. Crothall Laundry Services ("CLS"), which is owned by Compass Group PLC - a \$24 billion Global Service Corporation, acquired Victor Kramer Company ("VKCo") in 2001.

VKCo operates as the consulting division of CLS, and has provided laundry management consulting services to more than 1,200 individual hotels and hotel companies, hospital systems, central and commercial laundries, architects, community rehabilitation facilities, and government and military agencies nationwide and internationally.

Our parent company, CLS is the fastest growing laundry company in North America and currently owns and/or operates 60 laundries in North America. These facilities serve several hundred healthcare and hospitality customers while processing over 400 million pounds annually, including thirteen hotel and resort laundries under its InSourcing Services Program.