

2001 ANNUAL REPORT TO STOCKHOLDERS

*we strive to be the preferred provider
of facility services for our current and potential
customers, an even better workplace for our
present and future employees, and
a profitable investment for every individual
and institutional stockholder.*

 **ABM Industries Incorporated**

MISSION STATEMENT

to excel in all that we do for our customers, stockholders, employees, suppliers and the communities we serve by continuously improving the quality and value of our services, while increasing customer satisfaction, cost-effectiveness, accident prevention, financial performance and the overall competitiveness and value of our enterprise.

ABM IN BRIEF

ABM Industries Incorporated (ABM) dates to 1909, when Morris Rosenberg invested \$4.50 in a bucket, sponge, mop, broom and brush. He called on proprietors of shops along Fillmore Street in San Francisco, offering to wash windows for whatever they were willing to pay. On his first day, he recovered his initial investment and made almost \$3.50 in profit. Then and there, based on the verbal agreements between Rosenberg and the shopkeepers for regular window washing services, the facility service industry was born.

Within a few years, his business expanded to buildings throughout downtown San Francisco. To reflect this expansion, and the addition of a full range of janitorial services, Rosenberg changed the company's name in 1913 to American Building Maintenance Company.

In 1935 his sons, Sydney and Theodore, inherited the company. For many years, they directed the national expansion and addition

of other facility maintenance services.

In 1962, ABM conducted its initial public offering of stock; in 1971, ABM stock first traded on the New York Stock Exchange (NYSE).

Headquartered in San Francisco, ABM Industries Incorporated is now the largest facilities services contractor listed on the NYSE. With annualized revenues in excess of \$1.9 billion and more than 60,000 employees, ABM provides air conditioning, elevator, engineering, janitorial, lighting, parking and security services to thousands of commercial, industrial, institutional and retail facilities in hundreds of cities across North America.

The ABM Family of Services includes ABM Engineering, ABM Janitorial, American Building Maintenance, American Commercial Security (ACSS), Ampco System Parking, Amtech Elevator, Amtech Lighting, and CommAir Mechanical.

FIVE-YEAR SELECTED FINANCIAL DATA

October 31

In thousands, except per share amounts and ratios

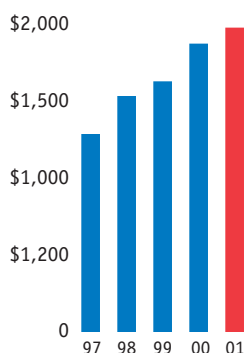
Operations

	2001	2000	1999	1998	1997
Revenues and other income	\$1,950,038	\$1,807,557	\$1,629,716	\$1,501,827	\$1,252,472
Expenses					
Operating expenses and cost of goods sold	1,722,334	1,573,998	1,413,541	1,298,423	1,076,078
Selling, general and administrative	172,157	157,546	146,984	142,431	126,755
Interest	2,602	3,320	1,959	3,465	2,675
Total expenses	1,897,093	1,734,864	1,562,484	1,444,319	1,205,508
Income before income taxes	52,945	72,693	67,232	57,508	46,964
Income taxes	20,119	28,350	27,565	23,578	19,725
Net income	\$ 32,826	\$ 44,343	\$ 39,667	\$ 33,930	\$ 27,239
Net income per common share					
Basic	\$ 1.36	\$ 1.94	\$ 1.77	\$ 1.58	\$ 1.33
Diluted	\$ 1.30	\$ 1.85	\$ 1.65	\$ 1.44	\$ 1.22
Common and common equivalent shares					
Basic	23,799	22,551	22,067	21,110	20,143
Diluted	25,010	23,709	23,748	23,161	21,872

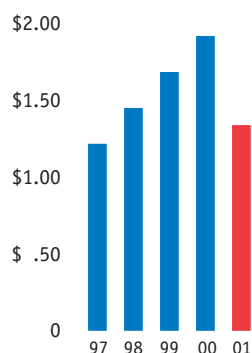
Financial Statistics

Dividends per common share	\$ 0.66	\$ 0.62	\$ 0.56	\$ 0.48	\$ 0.40
Stockholders' equity	\$ 361,177	\$ 316,309	\$ 276,951	\$ 236,838	\$ 197,278
Common shares outstanding at October 31	24,389	22,999	22,407	21,601	20,464
Stockholders' equity per common share	\$ 14.81	\$ 13.75	\$ 12.36	\$ 10.96	\$ 9.64
Working capital	\$ 229,542	\$ 224,199	\$ 184,279	\$ 165,788	\$ 137,223
Current ratio	1.97	2.05	2.01	2.05	1.89
Long-term debt (less current portion)	\$ 942	\$ 36,811	\$ 28,903	\$ 33,720	\$ 38,402
Redeemable cumulative preferred stock	\$ —	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400
Total assets	\$ 683,100	\$ 641,985	\$ 563,384	\$ 501,363	\$ 464,251
Property, plant and equipment-net	\$ 42,936	\$ 40,734	\$ 35,181	\$ 27,307	\$ 26,584
Capital expenditures	\$ 16,922	\$ 18,717	\$ 19,451	\$ 11,715	\$ 13,272
Depreciation and amortization	\$ 26,328	\$ 23,524	\$ 20,698	\$ 19,593	\$ 16,118
Trade accounts receivable—net	\$ 367,201	\$ 353,017	\$ 290,920	\$ 255,758	\$ 226,093

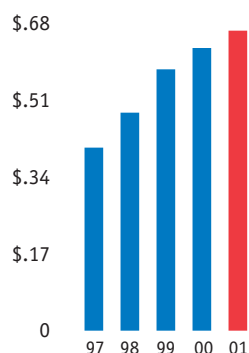
Revenues (\$ millions)



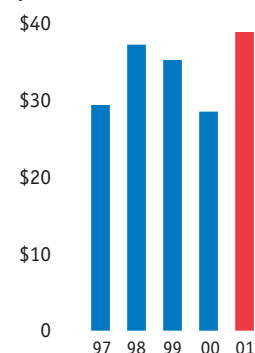
Net Income per Diluted Share



Dividends per Share



Maximum Price per Share



I will not speculate whether 2001 was a good or not-so-good year for our business. It is more important to concentrate on the future.

Dear Stockholders and Other Friends of ABM Industries Incorporated:

With our 2001 fiscal year now behind us, we have completed one of the most challenging periods in the history of ABM Industries.

In particular, September 11th will always remain in our hearts, minds and memories. Not only was it one of the saddest days in the history of the United States and all human-kind, but it was the greatest tragedy ever to impact ABM directly. Seventeen of our 800 employees assigned to the World Trade Center died that morning. Our thoughts and prayers will always be with them and their families.

A time of change

Although I'm a veteran at ABM, 2001 was my first year as president and chief executive officer. From both an operational and financial viewpoint, this fiscal year was a time of other changes as well. We made two strategic acquisitions and one such divestiture when our Janitorial Services Division purchased Arcade Building Maintenance, Amtech Lighting Division acquired SLI Lighting Solutions, and we sold the operations of Easterday Janitorial Supply. We welcomed George Sundby as our senior vice president and chief financial officer and Maria de la Peña as vice president, controller and chief accounting officer.

This year's financial performance was mixed. Most divisions—Engineering, Lighting, Mechanical and Security—exceeded their expectations. Janitorial achieved an ambitious budget, but Elevator and Parking had a disappointing year. Then, based on a

year-end actuarial report, it became necessary for us to substantially increase our self-insurance reserve to cover the severity of recent claims, as well as the rapidly rising cost of open claims incurred in prior years.

On the other hand, we have not yet taken into account any of ABM's pending multi-million dollar claims under our commercial insurance policies covering the business interruption, property damage and other losses that we sustained in connection with the September 11th terrorist attack on the World Trade Center, which was ABM's largest single job site.

All things considered, I will not speculate whether 2001 was a good or not-so-good year for our business. It is more important for all of us to concentrate on the future.

A strong balance sheet

Thanks in large measure to the highest cash flow from operations in ABM's history, our balance sheet is exceptionally strong, which positions us to grow and prosper despite or because of the continuing recession. We expect the market for sizeable acquisitions in our industry to grow dramatically during 2002, thus increasing the potential for us to achieve our strategic vision of being a market leader in each line of business.

An employer of choice

As the largest and most successful company in our industry, ABM benefits from many advantages beyond the obvious economies of size and consolidation. For instance, our ability to attract and retain experienced management at every level of our organization is at an all-time high. Talented people want to work in an industry that is recession resistant, especially for a company that has a long, proud

history, a strong reputation and a corporate culture that respects its employees. These attributes make ABM an employer of choice, which adds immeasurably to the value we can deliver to our customers and stockholders.

A facilities-focused specialist

ABM has always been organized by line of business, which is why each division specializes in providing a different service. As we continue to grow, we will give even greater attention to mixing and matching our services to the unique needs of the clientele and industries we serve. Every office, industrial, institutional, retail and mixed-use facility shares much in common with each other. However, we need to emphasize the differences—not just the similarities—more than ever before in our sales, training and supervision efforts. We believe that differentiating our company as a facility-focused specialist has unlimited possibilities.

We are also dedicated to the ABM Global Alliance, which we formed in association with other world-class foreign facility contractors to serve the international operations of ABM's major multi-national customers in the United States. We already know from these clients that our alliance performs ethically and efficiently at levels that are unmatched by any competitor.

You have my assurance that we strive to be the preferred provider of facility services for all of our current and potential customers, an even better work place for our present and future employees, and a profitable investment for every individual and institutional stock-



holder. These are our objectives, and I hope you will join me on this exciting and rewarding path into the future.

*Henrik C. Slipsager,
President &
Chief Executive Officer*

Until we meet again, I want to personally thank our employees, customers, stockholders and directors for the loyalty and inspiration that they provide to ABM Industries.

Henrik C. Slipsager
President & Chief Executive Officer

“Safe Harbor Statement” under the Private Securities Litigation Reform Act of 1995: The statements contained in this Annual Report to Stockholders which are not historical facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth or implied herein. These risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission.

Through on-the-job training programs, we have developed the industry's finest management team and custodial staff.

ABM Industries: A continuing story of superior service for commercial, industrial, institutional and retail facilities.

As America's leading facility services contractor, we continued to grow and prosper in fiscal 2001. Our eight divisions demonstrated excellence in their fields with experienced personnel, innovative management and quality assurance programs.

We're the leading provider of cost-effective janitorial services in the United States, operating in more than 40 states and 36 of the largest metropolitan areas in the country. Through in-depth classroom and on-the-job training programs, we have developed the industry's finest management team and custodial staff.

The Janitorial Division enjoyed a highly successful year. Major contracts included the Gap, Inc. world headquarters in San Francisco; a Spieker Properties (now Equity Office Properties) portfolio, expanding our relationship with that organization; the Trinity Properties portfolio, most of which is in lower Manhattan; and the University of Chicago, a renewal contract for more than 90 facilities.

The most significant event to affect the Janitorial Division—and ABM overall—was the tragic loss of 17 employees on September 11th. From a business perspective, we provided service to the World Trade Center as well

as adjacent properties, including the American Express headquarters and Merrill Lynch buildings at the World Financial Center. While the World Trade Center represented our largest single job site, the company remains the major janitorial contractor in lower Manhattan, and throughout the greater New York area.

ABM Engineering is ISO 9002 certified and a pioneer in developing comprehensive preventive maintenance systems, energy conservation plans and training programs to preserve the infrastructure of our clients' facilities. We provide the control and dependability of in-house engineers coupled with the advantages of outsourcing.

This division, which continues to expand, now employs more than 2,000 operating engineers. We serve a diverse array of real estate assets including large commercial office buildings, sophisticated computer centers, hotels and university medical facilities.

In fiscal 2001, the division was awarded a comprehensive contract for Merrill Lynch sites in New York and New Jersey, some of which the company was already servicing. This contract, covering more than 100 on-site operating engineers, is one of the largest such contracts in the country.

USAA, a major insurance company, decided to outsource engineering services for all its

Right: Sandra Osorio, ACSS Security. Far right: Carlos Zamudio, CommAir Mechanical.



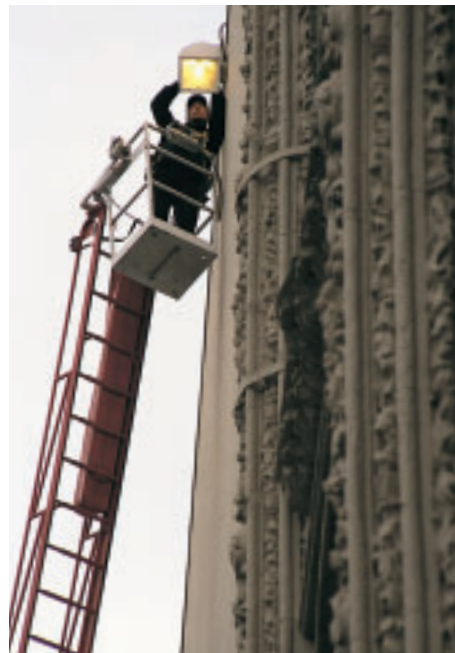
investment properties and chose ABM as its contractor. This contract, coupled with added facilities in existing markets, will enable the Engineering Division to open a regional office in Tampa, Florida.

During the year we also renewed our contract for GSA's Northeast and Caribbean regional office, which is located at 26 Federal Plaza in downtown New York.

ABM Engineers played a critical role operating Merrill Lynch facilities at the World Financial Center during the September 11th terrorist attack. We also played a critical role during the catastrophe at 26 Federal Plaza, several blocks away, for which our performance received government commendations.

Ampco System Parking manages some 1,700 parking lots and garages nationwide, including many of the country's most prestigious office buildings, shopping centers, hotels and airports. This division has been an innovator in developing and implementing its Customer Courtesy Program.

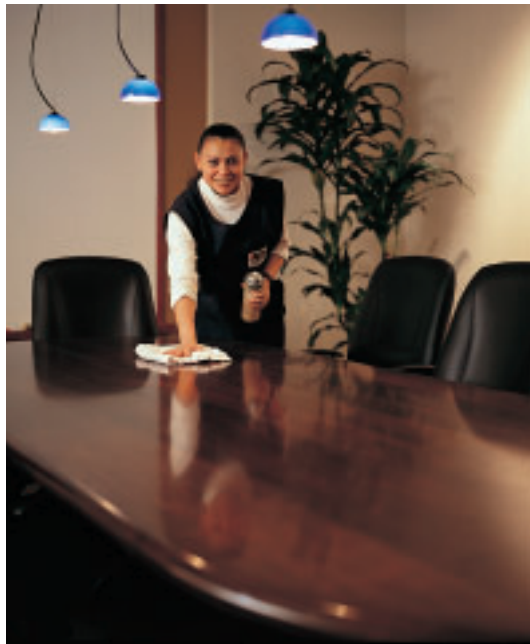
In fiscal 2001, we added parking operations at Wayne County Detroit Metropolitan Airport and the Orlando International Airport to our portfolio. We continue to manage municipal parking facilities across the country, recently adding lots owned by the City of Wichita, Kansas, and the Fifth and Mission Garage in downtown San Francisco.



Above: José Lopez, ABM Janitorial. Far left: Steve Whitcomb and Edward Ugarte, ABM Engineering. Left: William Bunny, Amtech Lighting.



Above: Jess Hight, Amtech Elevator. Right: Transito Reyes, ABM Janitorial.



American Commercial Security Services (ACSS) provides uniformed personnel for a full range of security services including access control, concierge service, dedicated vehicle patrols, investigation and background screening, and fire and life safety monitoring. Our training programs focus on customer relations, site-specific responsibilities and safety procedures.

ACSS enjoyed an excellent year. It was awarded contracts for the world headquarters of Microsoft Corporation in Redmond, Washington; TrizecHahn office portfolios in Houston and Los Angeles; and the Crescent properties in Dallas, among others.

September 11th triggered a dramatic new appreciation for uncompromising building security services. Now more than ever, customers realize that “you get what you pay for.” ACSS is quickly responding to their additional requirements for security services and personnel.

Amtech Lighting Services is the largest lighting, sign and electrical contractor in the United States, maintaining illumination systems for thousands of retail and commercial sites. With the division’s strong southeastern network, and the acquisition of SLI Lighting Solutions, Amtech has emerged into a truly national company.

We excel at recommending comprehensive lighting solutions that provide the lowest possible long-term energy and maintenance costs. Our Care Center, available 24 hours a day, seven days a week, offers emergency service and single point-of-contact for multi-location facilities nationwide. We self-perform lighting and sign services in more than 75 percent of the country and service all other geographic areas using a network of carefully selected, fully qualified subcontractors.

Amtech Lighting expanded its exterior sign maintenance business in fiscal 2001 with a contract serving all General Motors dealerships west of the Mississippi. Capitalizing on the geographic resources obtained in the SLI acquisition, Amtech was awarded the RacTrac

gas stations and convenience stores in the southeast. We also added lighting fixtures above the pen-and-pencil racks in 700 Office Depot stores across the country, once again demonstrating that Amtech is the contractor of choice for large retailers who need electrical system installation nationwide.

Amtech Elevator is the nation's largest independent elevator service company. We provide complete maintenance, repair and modernization for virtually all elevator and escalator systems and maintain a sizeable inventory of repair parts and microprocessor boards at each branch office. Most of the division's 600 elevator technicians began their careers with an original equipment manufacturer.

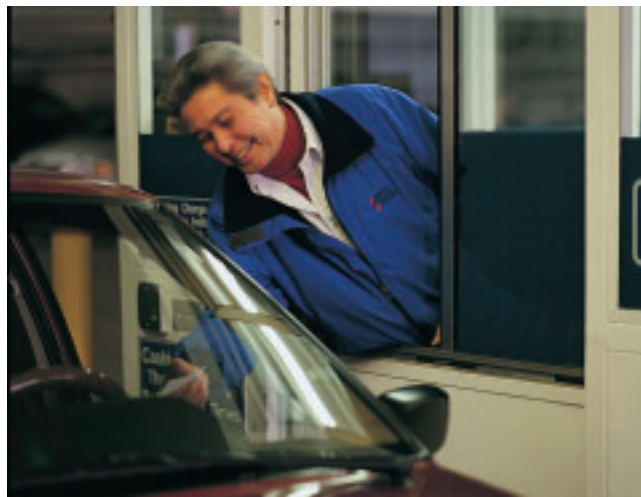
The division continues to expand its service and repair business. It recently added TrizecHahn's Cadillac Place Building in Detroit, San Jose State University in northern California and the Sands Hotel & Casino in Atlantic City. Continuing its focus on elevator system modernization, the division last year signed major contracts with the Intercontinental Hotel in Chicago, the Warwick Hotel in Philadelphia and the Cadillac Place Building in Detroit.

CommAir Mechanical Services is one of California's largest heating, ventilation, air conditioning and refrigeration contractors. It serves as a single-source supplier for mainte-

nance, repair and installation of all types of equipment, ranging from the largest centrifugal chiller to the smallest air conditioner. This division's mechanics are union-trained technicians with EPA certification.

In fiscal 2001, CommAir achieved its best year in history. Among major projects, it replaced a huge chiller at 601 California Street in San Francisco. Located mid-building, the project required cutting an access hole in the side of the building for use in connection with a precision helicopter lift.

We also installed a cooling system for the huge color presses operated by Quebecor in



Above: Elpidio Quirino II, Ampco System Parking. Far left: Dustin Shelton and Hareshwar Singh, Amtech Lighting. Left: Donald Hughes, ABM Engineering.

ABM and its alliance partners are in a unique position to deliver extraordinary value to our present and prospective customers.

California's Central Valley, where they print many of the advertising supplements for Sunday newspapers. We recently added a major job with St. John's Hospital in Santa Monica, California, where we are replacing several big air-handling machines. CommAir's backlog remains at record levels.

Acquisitions: Investing in high-performance companies to strengthen core competencies, expand market penetration and sustain earnings growth

In fiscal 2001, the company continued its long-term strategy of making acquisitions to enhance ABM's facility and operational services.

Three components guide our decision-making. We look for companies that strategically fit our model, that bring new managerial talent to our company, and that fill in existing markets or take us into new markets.

For these and other good reasons, we acquired SLI Lighting Solutions. This addition strengthens our presence in this field in the southeast and, combined with branches now in virtually every quadrant of the country, has enabled us to emerge as a market leader nationwide.

Last year's acquisition of Dixie Lighting, in Mobile, Alabama, has contributed significantly to ABM's management team overall.

Dixie's two former owners have become managers in the southeast and have played a significant role in our ability to assimilate SLI Lighting Solutions.

We also completed the acquisition of Arcade Building Maintenance, based in New York City, and CarpetMaster, in upstate New York. Arcade helps ABM fill in an existing market and cleans more than 25 million square feet of floor space in nearly 100 major high-rise office buildings and other facilities. Among its contracts is Rockefeller Center. CarpetMaster, a major regional provider of janitorial and related services, takes us into a new market—Albany and the surrounding Capital District of New York.

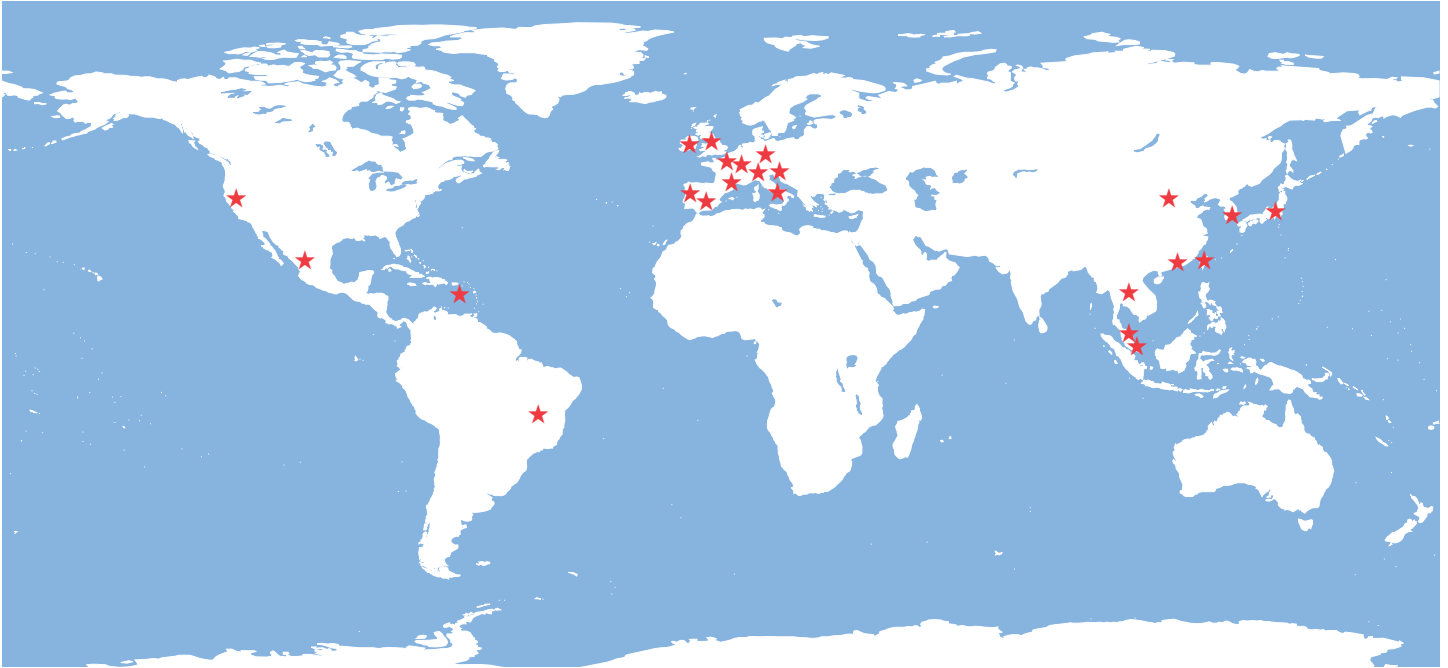
For strategic reasons we divested the operations of our Easterday Janitorial Supply division. The divestiture enables us to focus entirely on our building maintenance and other operational services.

ABM Global Alliance: An international marketing network that distinguishes the company from its competitors

Last year the ABM Global Alliance, which we formed to create a network of world-class facility service providers, began operations. These providers share ABM's uncompromis-

Right: John Landrith, Amtech Elevator. Far right: Adil Fartas, ABM Security.





ing standards of good corporate citizenship, quality control, environmental compliance, advanced technology, and respect for employees and training.

ABM already had all the required resources in place—a leadership position in electronic information systems, standardized reporting systems and quality control assurance. As a result, the alliance is enabling the company to offer domestic customers with overseas operations the same consistent, high-quality performance they receive in the U.S.

The program currently serves more than 20 countries in Europe and Asia, and we plan additional alliances in South America. ABM held its first Global Alliance Conference early last year in Bangkok. More than a dozen participants attended the meeting to discuss growth and service opportunities in the international marketplace.

As Henrik Slipsager, president and chief executive office of ABM, has said: “ABM and its alliance partners are in a unique position to deliver extraordinary value to our present and prospective customers. Building owners and managers can now consolidate a wide range of facility services on a global basis, and

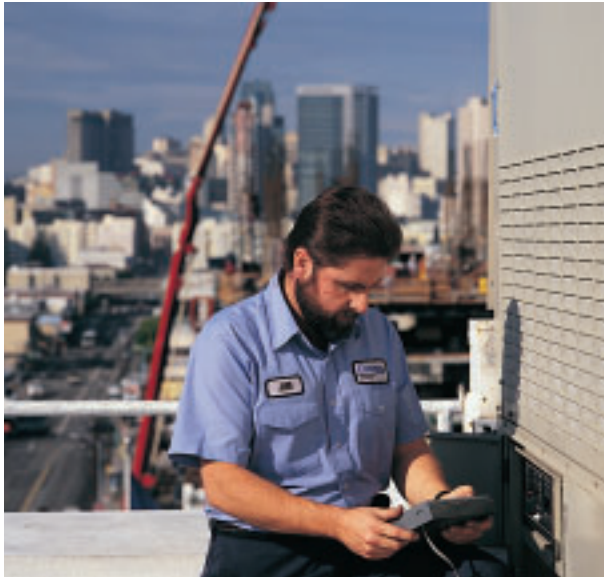
do so with a high degree of service standardization and management information. No other company in our industry can provide such extensive geographic coverage and electronic technology.”

ABM's Family of Services: 'One-stop' shopping offers convenience for customers, growth opportunity for company

When customers think in terms of national and global contracts, shared information technology, multi-service sales and single-source purchasing, they turn to ABM. The ABM Family of Services is managed by a diverse team of national marketing officers. Their efforts, emphasizing the breadth of ABM's services and the depth of the company's ability to coordinate these services using a common management and technology platform, quickly resulted in new sales, some involving multiple services and regions.

The objectives of Family of Services are to develop new marketing opportunities; expand ABM's brand identity; listen and respond to customers' needs and objectives; and increase inter-division sales, communication, cooperation and standardization.

Already served by the ABM Global Alliance are: Austria, Belgium, Brazil, China, France, Germany, Great Britain, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Portugal, Puerto Rico, Singapore, South Korea, Spain, Switzerland, Taiwan and Thailand.



Above: Jim Forsberg,
CommAir Mechanical.

Above right: Calvin Chan,
Ampco System Parking.

Investor relations: Direct, regular communication a personal priority of top management

When Henrik Slipsager became president and chief executive officer in November 2000, he immediately pledged that the company would enhance and expand its relations with the investment community. As a result, we regularly communicate with the investing public to keep them aware of ABM's financial performance.

Sharing Slipsager's commitment to vital communications with investors and analysts is George Sundby, who in fiscal 2001 joined the company as senior vice president and chief financial officer.

In December 2000, ABM hosted its first Internet teleconference for investors and analysts during which senior management discussed company performance and answered questions from a panel of independent analysts. Investor webcasts are now an integral part of the company's quarterly reports.

A strong technological infrastructure, face-to-face interaction: Critical tools for communications with employees, customers

Fast, thorough communications with employees and customers is fundamental to the com-

pany's success. To this end, ABM continues to make substantial investments in its technological infrastructure.

The company is well into implementing a multi-year, multi-million dollar system to establish a common platform between divisions. Called Enterprise Resource Planning software, this system has already begun to improve the company's ability to disseminate information internally. ABM also accelerated its focus on job-site technology to provide state-of-the-art services throughout the company.

Call centers have become an important dimension in managing ABM's various businesses. The company's Service Network has established its main call center in San Francisco, which now operates 24 hours a day, seven days a week. Using proprietary software, call center personnel can track the status of work orders from placement through completion. Many clients also have a 'read only' option to access the status of specific requests.

Similarly, ABM's Lighting Division operates a large customer Care Center in Orange County, California. Retailers and other clients can call an 800 number to obtain service at any of their locations throughout the country. The division's system also includes an Inter-



From left to right: Ron Gerstein, Nerissa Espiritu, David Allen and Matt Moriarty, ABM Service Network.

active Voice Response system that allows technicians to transmit the status of their assignment from the field for instantaneous downloading directly into the database at the call center. Lighting clients can then access this information through the Internet to receive real time status reports on any job in the United States.

We believe our call center technology provides a significant competitive advantage. Despite the many opportunities that rapid advances in technology provide, ABM remains mindful that there is no substitute for person-to-person interaction. Central to the company's communication efforts are many one-on-one conversations, both formal and informal, at all levels—from our Ampco System Parking attendant greeting a client; to an Amtech Lighting salesperson counseling a customer about reducing energy costs; to the ABM Industries chief executive officer, who regularly contacts customers to ensure that we establish and maintain mutually beneficial relationships.

As the company continues to progress technologically, we will remain steadfast in working to ensure timely, respectful and professional communications with our employees and customers.

September 11, 2001

The terrorist attack on the World Trade Center in New York City was a national tragedy and a personal loss for ABM. Among the thousands of fatalities were 17 employees of ABM subsidiaries. The company continues to grieve for their families, and we again extend our heartfelt sympathy to them.

The World Trade Center was the company's largest single job site. Annual sales were approximately \$65 million, or about three percent of ABM's consolidated revenues. Upwards of 800 operating engineers, janitorial personnel and lighting and electrical technicians from three subsidiaries worked at the World Trade Center on various shifts throughout the day and night.

The financial consequences of the loss will be mitigated by new business and insurance proceeds.

Following the September 11 tragedy, the company established the ABM Family Fund. Combined with ABM's \$250,000 contribution, the fund received and distributed more than \$500,000 to the families of the fatally injured employees. While some contributions totaled \$1,000 or more, most were smaller, coming from many employees and friends who wanted to help. We thank them all.



CONSOLIDATED BALANCE SHEETS

October 31 In thousands, except share amounts	2001	2000
Assets		
Cash and cash equivalents	\$ 3,052	\$ 2,000
Trade accounts receivable (less allowances of \$9,420 and \$8,825)	367,201	353,017
Inventories	25,974	25,513
Deferred income taxes	26,806	17,531
Prepaid expenses and other current assets	42,508	38,758
Total current assets	465,541	436,819
Investments and long-term receivables	13,871	13,920
Property, plant and equipment (less accumulated depreciation of \$65,951 and \$65,753)	42,936	40,734
Goodwill (less accumulated amortization of \$73,264 and \$61,693)	113,199	109,407
Deferred income taxes	35,400	32,537
Other assets	12,153	8,568
	\$683,100	\$641,985
Liabilities		
Current portion of long-term debt	\$ 10,877	\$ 865
Bank overdraft	—	15,952
Trade accounts payable	50,671	45,312
Income taxes payable	6,816	8,083
Accrued liabilities:		
Compensation	62,854	54,901
Taxes—other than income	20,409	18,195
Insurance claims	48,193	43,361
Other	36,179	25,951
Total current liabilities	235,999	212,620
Long-term debt (less current portion)	942	36,811
Retirement plans	21,483	22,386
Insurance claims	63,499	47,459
Total liabilities	321,923	319,276
Series B 8% Senior redeemable cumulative preferred stock,		
6,400 shares authorized, issued and outstanding, stated at redemption value, \$1,000 per share at October 31, 2000	—	6,400
Stockholders' equity		
Preferred stock, \$.01 par value; 500,000 shares authorized; none issued	—	—
Common stock, \$.01 par value; 100,000,000 shares authorized; 24,389,000 and 22,999,000 shares issued and outstanding at October 31, 2001 and 2000, respectively	244	230
Additional paid-in capital	131,242	102,902
Accumulated other comprehensive income	(763)	(653)
Retained earnings	230,454	213,830
Total stockholders' equity	361,177	316,309
	\$683,100	\$641,985

CONSOLIDATED STATEMENTS OF INCOME

Years ended October 31
In thousands, except per share amounts

	2001	2000	1999
Revenues and other income	\$1,950,038	\$1,807,557	\$1,629,716
Expenses			
Operating expenses and cost of goods sold	1,722,334	1,573,998	1,413,541
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Interest	2,602	3,320	1,959
	1,897,093	1,734,864	1,562,484
Income before income taxes	52,945	72,693	67,232
Income taxes	20,119	28,350	27,565
Net income	\$ 32,826	\$ 44,343	\$ 39,667
Net income per common share			
Basic	\$ 1.36	\$ 1.94	\$ 1.77
Diluted	\$ 1.30	\$ 1.85	\$ 1.65
Common and common equivalent shares			
Basic	23,799	22,551	22,067
Diluted	25,010	23,709	23,748

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONDENSED)

Years ended October 31, 2001, 2000 and 1999
In thousands

	Common Shares	Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance October 31, 1998	21,601	\$216	\$ 79,904	\$(696)	\$157,414	\$236,838
Net income					39,667	39,667
Dividends:						
Common stock					(12,543)	(12,543)
Preferred stock					(512)	(512)
Stock purchases	(220)	(2)	(5,446)			(5,448)
Stock issued under employees' stock purchase and option plans and for acquisition and related taxes	1,026	10	18,878			18,888
Foreign currency translation adjustment				61		61
Balance October 31, 1999	22,407	224	93,336	(635)	184,026	276,951
Net income					44,343	44,343
Dividends:						
Common stock					(14,027)	(14,027)
Preferred stock					(512)	(512)
Stock purchases	(383)	(4)	(8,386)			(8,390)
Stock issued under employees' stock purchase and option plans and for acquisition and related taxes	975	10	17,952			17,962
Foreign currency translation adjustment				(18)		(18)
Balance October 31, 2000	22,999	230	102,902	(653)	213,830	316,309
Net income					32,826	32,826
Dividends:						
Common stock					(15,770)	(15,770)
Preferred stock					(432)	(432)
Stock issued under employees' stock purchase and option plans and for acquisition and related taxes	1,390	14	28,340			28,354
Foreign currency translation adjustment				(110)		(110)
Balance October 31, 2001	24,389	\$244	\$131,242	\$(763)	\$230,454	\$361,177

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended October 31 In thousands	2001	2000	1999
Cash flows from operating activities:			
Cash received from customers	\$1,918,558	\$1,739,297	\$1,589,775
Other operating cash receipts	5,523	2,347	1,491
Interest received	859	580	870
Cash paid to suppliers and employees	(1,822,629)	(1,686,988)	(1,522,495)
Interest paid	(2,991)	(3,209)	(2,025)
Income taxes paid	(33,524)	(33,102)	(32,311)
Net cash provided by operating activities	65,796	18,925	35,305
Cash flows from investing activities:			
Additions to property, plant and equipment	(16,922)	(18,717)	(19,451)
Proceeds from sale of assets	1,253	1,164	922
Decrease (increase) in investments and long-term receivables	49	370	(1,885)
Purchase of businesses	(23,401)	(14,191)	(10,980)
Proceeds from sale of business	12,000	—	—
Net cash used in investing activities	(27,021)	(31,374)	(31,394)
Cash flows from financing activities:			
Common stock issued, including tax benefit	26,688	16,381	17,178
Common stock purchases	—	(8,390)	(5,448)
Preferred stock redemption	(6,400)	—	—
Dividends paid	(16,202)	(14,539)	(13,055)
Increase (decrease) in bank overdraft	(15,952)	10,985	2,492
Long-term borrowings	108,000	126,000	57,064
Repayments of long-term borrowings	(133,857)	(118,127)	(61,847)
Net cash (used in) provided by financing activities	(37,723)	12,310	(3,616)
Net increase (decrease) in cash and cash equivalents	1,052	(139)	295
Cash and cash equivalents beginning of year	2,000	2,139	1,844
Cash and cash equivalents end of year	\$ 3,052	\$ 2,000	\$ 2,139
Reconciliation of net income to net cash provided by operating activities:			
Net income	\$ 32,826	\$ 44,343	\$ 39,667
Adjustments:			
Depreciation	13,710	12,265	10,815
Amortization	12,618	11,259	9,883
Provision for bad debts	6,134	2,971	2,257
Gain on sale of assets	(41)	(265)	(160)
Gain on sale of business	(718)	—	—
Increase in deferred income taxes	(12,138)	(5,517)	(6,537)
Increase in trade accounts receivable	(24,340)	(65,555)	(39,304)
Increase in inventories	(3,223)	(2,217)	(331)
Increase in prepaid expenses and other current assets	(3,045)	(1,200)	(1,950)
Increase (decrease) in other assets	40	2,475	(3,295)
Increase (decrease) in income taxes payable	(1,267)	765	1,791
Increase (decrease) in retirement plans accrual	(903)	3,092	3,320
Increase in insurance claims liability	18,872	7,155	4,500
Increase in trade accounts payable and other accrued liabilities	27,271	9,354	14,649
Total adjustments to net income	32,970	(25,418)	(4,362)
Net cash provided by operating activities	\$ 65,796	\$ 18,925	\$ 35,305
Supplemental data:			
Non-cash investing activities:			
Common stock issued for net assets of business acquired	\$ 1,666	\$ 1,581	\$ 1,710

SEGMENT INFORMATION

In thousands	ABM Janitorial	Ampco System Parking	ABM Engineering	Amtech Lighting	Amtech Elevator	Other Segments	Corporate	Eliminations	Consolidated Totals
For the year ended October 31, 2001									
Revenues and other income	\$1,159,914	\$165,940	\$171,008	\$144,319	\$121,371	\$186,168	\$ 1,318	\$ —	\$1,950,038
Intersegment revenues	572	—	—	217	—	5,813	—	(6,602)	—
Total revenues	<u>\$1,160,486</u>	<u>\$165,940</u>	<u>\$171,008</u>	<u>\$144,536</u>	<u>\$121,371</u>	<u>\$191,981</u>	<u>\$ 1,318</u>	<u>\$ (6,602)</u>	<u>\$1,950,038</u>
Operating profit	\$ 59,862	\$ 4,050	\$ 9,035	\$ 11,038	\$ 4,820	\$ 8,000	\$ (41,258)*	\$ —	\$ 55,547
Interest expense	(917)	—	(7)	—	(2)	(9)	(1,667)	—	(2,602)
Income before income taxes	\$ 58,945	\$ 4,050	\$ 9,028	\$ 11,038	\$ 4,818	\$ 7,991	\$ (42,925)	\$ —	\$ 52,945
Identifiable assets	<u>\$ 285,979</u>	<u>\$ 86,837</u>	<u>\$ 47,948</u>	<u>\$ 82,528</u>	<u>\$ 42,127</u>	<u>\$ 38,371</u>	<u>\$ 99,310</u>	<u>\$ —</u>	<u>\$ 683,100</u>
For the year ended October 31, 2000									
Revenues and other income	\$1,052,865	\$172,427	\$156,314	\$118,054	\$114,409	\$193,073	\$ 415	\$ —	\$1,807,557
Intersegment revenues	546	—	—	302	—	11,954	—	(12,802)	—
Total revenues	<u>\$1,053,411</u>	<u>\$172,427</u>	<u>\$156,314</u>	<u>\$118,356</u>	<u>\$114,409</u>	<u>\$205,027</u>	<u>\$ 415</u>	<u>\$ (12,802)</u>	<u>\$1,807,557</u>
Operating profit	\$ 53,050	\$ 8,726	\$ 8,164	\$ 10,088	\$ 6,832	\$ 6,362	\$ (17,209)	\$ —	\$ 76,013
Interest expense	(9)	—	—	—	(1)	(10)	(3,300)	—	(3,320)
Income before income taxes	\$ 53,041	\$ 8,726	\$ 8,164	\$ 10,088	\$ 6,831	\$ 6,352	\$ (20,509)	\$ —	\$ 72,693
Identifiable assets	<u>\$ 274,704</u>	<u>\$ 92,401</u>	<u>\$ 45,459</u>	<u>\$ 65,160</u>	<u>\$ 37,356</u>	<u>\$ 56,120</u>	<u>\$ 70,785</u>	<u>\$ —</u>	<u>\$ 641,985</u>
For the year ended October 31, 1999									
Revenues and other income	\$ 933,293	\$162,358	\$153,758	\$ 95,521	\$ 96,618	\$187,306	\$ 862	\$ —	\$1,629,716
Intersegment revenues	374	—	188	270	—	12,567	—	(13,399)	—
Total revenues	<u>\$ 933,667</u>	<u>\$162,358</u>	<u>\$153,946</u>	<u>\$ 95,791</u>	<u>\$ 96,618</u>	<u>\$199,873</u>	<u>\$ 862</u>	<u>\$ (13,399)</u>	<u>\$1,629,716</u>
Operating profit	\$ 49,017	\$ 8,385	\$ 8,352	\$ 7,457	\$ 6,651	\$ 7,128	\$ (17,799)	\$ —	\$ 69,191
Interest expense	(13)	—	—	—	—	(10)	(1,936)	—	(1,959)
Income before income taxes	\$ 49,004	\$ 8,385	\$ 8,352	\$ 7,457	\$ 6,651	\$ 7,118	\$ (19,735)	\$ —	\$ 67,232
Identifiable assets	<u>\$ 242,117</u>	<u>\$ 84,360</u>	<u>\$ 34,864</u>	<u>\$ 59,921</u>	<u>\$ 32,411</u>	<u>\$ 52,798</u>	<u>\$ 56,913</u>	<u>\$ —</u>	<u>\$ 563,384</u>

Certain prior year amounts have been restated to conform to the current year's presentation.

Intersegment revenues are recorded at prices negotiated between the entities.

*Includes the \$20 million insurance charge recorded in the fourth quarter of fiscal year 2001.

INDEPENDENT AUDITORS' REPORT

Board of Directors
ABM Industries Incorporated

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of ABM Industries Incorporated as of October 31, 2001 and 2000, and related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended October 31, 2001. Such consolidated financial statements and our report thereon dated December 17, 2001, expressing an unqualified audit opinion (which are not included herein) are included on Form 10-K filed with the Securities and Exchange Commission

on December 21, 2001.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

San Francisco, California
December 21, 2001

BOARD OF DIRECTORS



Martinn H. Mandles (a)
Chairman of the Board &
Chief Administrative Officer
of the Company
Los Angeles, California

Linda L. Chavez (d)
President
Center for Equal Opportunity
Washington, DC

Luther S. Helms (c, d)
Managing Partner
Sonata Capital Management
Seattle, Washington

Maryellen C. Herring, Esq. (b, c)
Attorney at Law, and former
Executive Vice President &
General Counsel, APL Ltd.
Piedmont, California

Charles T. Horngren (c)
Edmund W. Littlefield Professor
of Accounting, Emeritus
Stanford Business School
Stanford, California

Henry L. Kotkins, Jr. (b, d)
President & Chief Executive Officer
Skyway Luggage Company
Seattle, Washington

Theodore T. Rosenberg (a)
Former Chairman of the Board
of the Company
Daly City, California

Henrik C. Slipsager (a)
President & Chief Executive Officer
of the Company
San Francisco, California

William W. Steele (a)
Former President & Chief Executive
Officer of the Company
Seattle, Washington

William E. Walsh (b)
Former Coach & General Manager
San Francisco 49ers
Santa Clara, California

*Front row: Ted Rosenberg, Bill
Steele, Henrik Slipsager and
Martinn Mandles.*

*Back row: Skip Kotkins, Mary-
ellen Herring, Chuck Horngren,
Linda Chavez, Bill Walsh and
Luke Helms*

- (a) Executive Committee
- (b) Executive Officer
Compensation & Stock
Option Committee
- (c) Audit Committee
- (d) Nominating, Succession
& Governance Committee

EXECUTIVE OFFICERS

Henrik C. Slipsager (a)
President & Chief Executive Officer

Martinn H. Mandles (a)
Chairman of the Board &
Chief Administrative Officer

Jess E. Benton
Executive Vice President &
Chief Operating Officer

Donna M. Dell, Esq.
Senior Vice President of Human
Resources & Chief Employment Counsel

Harry H. Kahn, Esq.
Senior Vice President, General Counsel
& Corporate Secretary

George B. Sundby
Senior Vice President, Chief Financial
Officer & Treasurer

Gary R. Wallace
Senior Vice President, Director of
Business Development & Chief Marketing
Officer

Maria P. Y. de la Peña
Vice President, Controller & Chief
Accounting Officer

Anthony D. Lackey
Vice President, Director of Electronic
Services & Chief Technology Officer

Terry D. McNeil
Vice President & Director of
Insurance Services

Eleonora C. Walsh
Vice President & Director of
Administrative Services

SPECIAL NOTES

Listings
New York Stock Exchange

Ticker Symbol
ABM

Registrars and Transfer Agents
Mellon Investor Services LLC
235 Montgomery Street, 23rd Floor
San Francisco, CA 94104

Auditors
KPMG LLP
Three Embarcadero Center
San Francisco, CA 94111

10-K Report
Additional copies available to stock-
holders at no charge upon request to:
ABM Corporate Communications
Post Office Box 193224
San Francisco, CA 94119

Stockholders
As of December 31, 2001, there were
4,706 registered holders of the Com-
pany's Common Stock, in addition to
stockholders in street name.

Annual Meeting
The Annual Meeting of Stockholders
of ABM Industries Incorporated will be
held on Tuesday, March 12, 2002, at
10:00 a.m. at the Concordia-Argonaut
Club, 1142 Van Ness Avenue, San
Francisco, California 94109.

Dividends
The Company has paid quarterly cash
dividends on its Common Stock without
interruption since 1965. The Board of
Directors considers the payment of cash
dividends on a quarterly basis, subject
to the Company's earnings, financial
condition and other factors.



**Internet Website**

www.abm.com

Corporate Headquarters

160 Pacific Avenue, Suite 222
San Francisco, CA 94111
Telephone: (415) 733-4000
Facsimile: (415) 733-7333

Corporate Office

Suite 3160, North Tower
2029 Century Park East
Los Angeles, CA 90067
Telephone: (310) 553-3030
Facsimile: (310) 553-7471

Business

Facility Services

Employees

Approximately 60,000

Founded

San Francisco 1909

Branch Offices

Over 200

Divisions

ABM Engineering Services
ABM Janitorial Services
ABM Service Network
ACSS Commercial Security Services
Ampco System Parking
Amtech Elevator Services
Amtech Lighting Services
CommAir Mechanical Services