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

# FORM 10 Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JANUARY 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to _________

Commission file Number 1-8929

ABM INDUSTRIES INCORPORATED

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| DELAWARE | 94-1369354 |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

160 PACIFIC AVENUE, SUITE 222, SAN FRANCISCO, CALIFORNIA 94111

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 415/733-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Number of shares of Common Stock outstanding as of
March 9, 2000: 22,418,776

ABM INDUSTRIES INCORPORATED
FORM 10-Q
FOR THE THREE MONTHS ENDED JANUARY 31, 2000
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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

| | OCTOBER 31, 1999 | JANUARY 31, 2000 |
|---|---|---|
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 2,139 | $ 2,198 |
| Accounts receivable, net | 297,596 | 295,766 |
| Inventories | 23,296 | 25,224 |
| Deferred income taxes | 14,163 | 15,046 |
| Prepaid expenses and other current assets | 30,395 | 33,963 |
| Total current assets | 367,589 | 372,197 |
| INVESTMENTS AND LONG-TERM RECEIVABLES | 14,290 | 15,068 |
| PROPERTY, PLANT AND EQUIPMENT, AT COST: | | |
| Land and buildings | 4,526 | 4,557 |
| Transportation equipment | 13,104 | 13,298 |
| Machinery and other equipment | 61,390 | 63,896 |
| Leasehold improvements | 14,425 | 14,375 |
| | 93,445 | 96,126 |
| Less accumulated depreciation and amortization | 58,264 | 60,395 |
| Property, plant and equipment, net | 35,181 | 35,731 |
| INTANGIBLE ASSETS - NET | 105,583 | 107,909 |
| DEFERRED INCOME TAXES | 30,388 | 31,397 |
| OTHER ASSETS | 10,353 | 9,466 |
| | $563,384 | $571,768 |

(Continued)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

| | OCTOBER 31, 1999 | JANUARY 31, 2000 |
|---|---|---|
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | $ 898 | $ 885 |
| Bank overdraft | 4,967 | 4,323 |
| Trade accounts payable | 45,596 | 42,202 |
| Income taxes payable | 7,318 | 14,172 |
| Accrued Liabilities: | | |
| Compensation | 45,170 | 44,035 |
| Taxes - other than income | 16,505 | 17,966 |
| Insurance claims | 35,139 | 35,364 |
| Other | 27,717 | 29,548 |
| Total current liabilities | 183,310 | 188,495 |
| Long-Term Debt (less current portion) | 28,903 | 29,648 |
| Retirement plans | 19,294 | 20,374 |
| Insurance claims | 48,526 | 48,832 |
| Total Liabilities | 280,033 | 287,349 |
| SERIES B 8% SENIOR REDEEMABLE CUMULATIVE PREFERRED STOCK | 6,400 | 6,400 |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, $0.01 par value, 500,000 shares authorized; none issued | _ | _ |
| Common stock, $.01 par value, 100,000,000 shares authorized; 22,407,000 and 22,338,000 shares issued and outstanding at October 31, 1999 and January 31, 2000, respectively | 224 | 223 |
| Additional capital | 93,336 | 90,400 |
| Accumulated other comprehensive income | (635) | (570) |
| Retained earnings | 184,026 | 187,966 |
| Total stockholders' equity | 276,951 | 278,019 |
| | $ 563,384 | $ 571,768 |

The accompanying notes are an integral part of the condensed consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED JANUARY 31, 1999 AND 2000
In thousands except per share amounts)

| | 1999 | 2000 |
|---|---|---|
| REVENUES AND OTHER INCOME | $391,831 | $428,581 |
| EXPENSES: | | |
| Operating expenses and cost of goods sold | 341,676 | 375,698 |
| Selling, general and administrative | 37,789 | 39,485 |
| Interest | 554 | 641 |
| Total expenses | 380,019 | 415,824 |
| INCOME BEFORE INCOME TAXES | 11,812 | 12,757 |
| INCOME TAXES | 4,843 | 5,230 |
| NET INCOME | $ 6,969 | $ 7,527 |
| NET INCOME PER COMMON SHARE | | |
| Basic | $ 0.32 | $ 0.33 |
| Diluted | $ 0.29 | $ 0.32 |
| AVERAGE NUMBER OF SHARES OUTSTANDING | | |
| Basic | 21,717 | 22,261 |
| Diluted | 23,732 | 23,209 |
| DIVIDENDS PER COMMON SHARE | $ 0.14 | $ 0.155 |

The accompanying notes are an integral part of the condensed consolidated financial statements

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JANUARY 31, 1999 AND 2000
(In thousands)

| | 1999 | 2000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | $ 385,472 | $ 428,887 |
| Other operating cash receipts | 668 | 604 |
| Interest received | 197 | 148 |
| Cash paid to suppliers and employees | (366,978) | (413,109) |
| Interest paid | (538) | (666) |
| Income taxes paid | (585) | (268) |
| Net cash provided by operating activities | 18,236 | 15,596 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Additions to property, plant and equipment | (4,259) | (3,546) |
| Proceeds from sale of assets | 492 | 249 |
| Decrease (increase) in investments and long-term receivable | 628 | (778) |
| Intangible assets acquired | (537) | (3,446) |
| Net cash used in investing activities | (3,676) | (7,521) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Common stock issued, including tax benefit | 3,639 | 3,872 |
| Common stock repurchased | - | (8,390) |
| Dividends paid | (3,186) | (3,586) |
| Decrease in cash overdraft | (2,475) | (644) |
| Increase in notes payable | 2 | - |
| Long-term borrowings | 4,005 | 35,000 |
| Repayments of long-term borrowings | (12,030) | (34,268) |
| Net cash used in financing activities | (10,045) | (8,016) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 4,515 | 59 |
| CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD | 1,844 | 2,139 |
| CASH AND CASH EQUIVALENTS END OF PERIOD | $ 6,359 | $ 2,198 |

(Continued)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JANUARY 31, 1999 AND 2000
(In thousands)

| | 1999 | 2000 |
|---|---|---|
| RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Net Income | $ 6,969 | $ 7,527 |
| Adjustments: | | |
| Depreciation and amortization | 4,986 | 5,538 |
| Provision for bad debts | 588 | 682 |
| Gain on sale of assets | (3) | (90) |
| Increase in deferred income taxes | (2,755) | (1,892) |
| (Increase) decrease in accounts receivable | (5,609) | 1,148 |
| Decrease (increase) in inventories | 821 | (1,928) |
| Increase in prepaid expenses and other current assets | (984) | (3,568) |
| (Increase) decrease in other assets | (13) | 887 |
| Increase in income taxes payable | 7,013 | 6,854 |
| Increase in retirement plans accrual | 1,010 | 1,080 |
| Increase in insurance claims liability | 1,020 | 531 |
| Increase (decrease) in trade accounts payable and other accrued liabilities | 5,193 | (1,173) |
| Total adjustments to net income | 11,267 | 8,069 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | $ 18,236 | $ 15,596 |
| SUPPLEMENTAL DATA: | | |
| Non-cash investing activities: | | |
| Common stock issued for net assets of business acquired | $ 1,464 | $ 1,582 |

The accompanying notes are an integral part of the condensed consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all material adjustments which are necessary to present fairly ABM Industries Incorporated (the Company) financial position as of January 31, 2000, and the results of operations and cash flows for the three months then ended. These adjustments are of a normal, recurring nature.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Form 10-K filed for the fiscal year ended October 31, 1999 with the Securities and Exchange Commission.

2. NET INCOME PER COMMON SHARE

The Company has reported its earnings in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share. Basic net income per common share, after the reduction for preferred stock dividends, is based on the weighted average number of shares actually outstanding during the period. Diluted net income per common share, after the reduction for preferred stock dividends, is based on the weighted average number of shares outstanding during the period, including dilutive securities equivalents.

Three months ended January 31,

| | 1999 | 2000 |
|---|---|---|
| Net Income | $ 6,969,000 | $ 7,527,000 |
| Preferred Stock Dividends | (128,000) | (128,000) |
| | $ 6,841,000 | $ 7,399,000 |
| Common shares outstanding - basic | 21,717,000 | 22,261,000 |
| Effect of dilutive securities: | | |
| Stock options | 1,869,000 | 825,000 |
| Other | 146,000 | 123,000 |
| Common shares outstanding - diluted | 23,732,000 | 23,209,000 |

For purposes of computing diluted net income per common share, weighted average common share equivalents do not include stock options with an exercise price that exceeds the average fair market value of the Company's common stock for the period. For the three months ended January 31, 2000, options to purchase approximately 1,237,000 shares of common stock at an average price of $30.97 were excluded from the computation. For the three months ended January 31, 1999, options to purchase approximately 306,000 shares of common stock at an average price of $36.67 were excluded from the computation.

## 3. COMPREHENSIVE INCOME

Other comprehensive income at October 31, 1999 and January 31, 2000 consists of foreign currency translation adjustments. Comprehensive income for the three-month period ended January 31, 2000 approximated net income.

## 4. ACQUISITIONS

The Company acquired the operations and selected assets of four businesses during the quarter. These business combinations were accounted for under the purchase method of accounting. The aggregate consideration paid for these acquisitions was $2,785,000. The aggregate purchase price does not include payments of contingent consideration based upon the results of operations of the businesses acquired. As these acquisitions were not significant, pro-forma information is not included in these financial statements.

## 5. SEGMENT INFORMATION

The Company's operations are grouped into nine industry segments or divisions as defined under Statement of Financial Accounting Standards (SFAS) No. 131. The results of operations from the Company's five operating divisions that are reportable under SFAS 131 for the three months ended January 31, 2000, as compared to the three months ended January 31, 1999, are more fully described below. Included in all other divisions are ABM Facility Services, American Commercial Security, CommAir Mechanical Services, and Easterday Janitorial Supply Company.

For the three months ended January 31,

| | 1999 | 2000 |
|---|---|---|
| | (in thousands) | |
| Revenues: | | |
| ABM Janitorial Services | $ 226,544 | $ 250,970 |
| Ampco System Parking | 38,583 | 39,876 |
| ABM Engineering Services | 38,541 | 39,133 |
| Amtech Lighting Services | 22,936 | 26,841 |
| Amtech Elevator Services | 20,936 | 25,492 |
| All Other Divisions | 43,948 | 46,181 |
| Corporate | 343 | 88 |
| Total Revenues | $ 391,831 | $ 428,581 |

| | 1999 | 2000 |
|---|---|---|
| Operating Profit: | | |
| ABM Janitorial Services | $ 10,496 | $ 10,628 |
| Ampco System Parking | 1,633 | 1,700 |
| ABM Engineering Services | 1,970 | 1,887 |
| Amtech Lighting Services | 1,479 | 1,623 |
| Amtech Elevator Services | 1,086 | 1,136 |
| All Other Divisions | 1,594 | 862 |
| Corporate | (5,892) | (4,438) |
| Total Operating Profit | $ 12,366 | $ 13,398 |

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FINANCIAL CONDITION

Funds provided from operations and bank borrowings have historically been the sources for meeting working capital requirements, financing capital expenditures, acquisitions and paying cash dividends, as well as funding the Company's recent stock repurchase program. Management believes that funds from these sources will remain available and adequately serve the Company's liquidity needs. The Company has an unsecured revolving credit agreement with a syndicate of U.S. banks that provides a $150 million line of credit expiring July 1, 2002. At the Company's option, the credit facility provides interest at the prime rate or IBOR+.35%. As of January 31, 2000, the total amount outstanding was approximately $92 million, which was comprised of loans in the amount of $27 million and standby letters of credit of $65 million. This agreement requires the Company to meet certain financial ratios, places some limitations on outside borrowing and prohibits declaring or paying cash dividends exceeding 50% of the Company's net income for any fiscal year. In addition, the Company has a loan agreement with a major U.S. bank with a balance of $3,386,000 at January 31, 2000. This loan bears interest at a fixed rate of

6.78% with annual payments of principal, in varying amounts, and interest due each February 15 through 2003. The Company's effective interest rate for all long-term debt borrowings for the quarter ended January 31, 2000 was 7.51%.

At January 31, 2000, working capital was $183.7 million, as compared to $184.3 million at October 31, 1999.

ENVIRONMENTAL MATTERS

The nature of the Company's operations, primarily services, would not ordinarily involve it in environmental contamination. However, the Company's operations are subject to various federal, state and/or local laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment, such as discharge into soil, water and air, and the generation, handling, storage, transportation and disposal of waste and hazardous substances. These laws generally have the effect of increasing costs and potential liabilities associated with the conduct of the Company's operations, although historically they have not had a material adverse effect on the Company's financial position, cash flows or its results of operations.

The Company is currently involved in four proceedings relating to environmental matters: one involving alleged potential soil and groundwater contamination at a Company facility in Florida; one involving alleged potential soil contamination at a former Company facility in Arizona; one involving alleged potential soil and groundwater contamination of a parking garage previously operated by the Company in Washington; and, one involving alleged potential soil and groundwater contamination at a former dry-cleaning facility leased by the Company in Nevada. While it is difficult to predict the ultimate outcome of these matters, based on information currently available, management believes that none of these matters, individually or in the aggregate, are reasonably likely to have a material adverse effect on the Company's financial position, cash flows, or its results of operations.

YEAR 2000

The Company so far has experienced no disruptions in the operations of its internal information systems during its transition to the year 2000. The Company is not aware that any of its vendors or customers experienced any disruptions during their transition to the year 2000. The Company will continue to monitor the transition to year 2000 and will act promptly to resolve any problems that occur. If the Company or any third parties with which it has business relationships experience problems related to the year

2000 transition that have not yet been discovered, it could have a material adverse impact on the Company.

ACQUISITIONS

The operating results of businesses acquired have been included in the accompanying condensed consolidated financial statements from their respective dates of acquisition.

Effective November 1, 1999, the Company acquired the operations and selected assets of NPS Corporation, a janitorial services company, with customers located in Anchorage, Fairbanks and Juneau, Alaska. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years.

Effective December 1, 1999, the Company acquired the operations and selected assets of Centre City Parking, with customers located in Miami, Florida. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years.

Effective January 1, 2000, the Company acquired the operations and selected assets of United Building Services, a janitorial services company, with customers located in Long Beach, California. The terms for the purchase of this acquisition were a cash downpayment made at closing plus a final payment based on operating profits to be made after one year.

Effective January 1, 2000, the Company acquired the operations and selected assets of Dixie Lighting & Electrical, Inc., with customers located in the greater Southeastern United States from Louisiana to Florida. The terms of the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years.

## RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed consolidated financial statements of the Company. All information in the discussion and references to the years and quarters are based on the Company's fiscal year and first quarter which end on October 31 and January 31, respectively.

## THREE MONTHS ENDED JANUARY 31, 2000 VS. THREE MONTHS ENDED JANUARY 31, 1999

Revenues and other income (hereafter called revenues) for the first quarter of 2000 were $428.6 million compared to $391.8 million in 1999, a 9.4% increase over the same quarter of the prior year. Higher Janitorial Division revenues contributed nearly $24 million of the increase. For the quarter ended January 31, 2000, the increase in revenues relating to acquisitions made during fiscal 1999 was approximately $6.4 million, approximately 17.4% of the total revenue increase of $36.8 million.

As a percentage of revenues, operating expenses and cost of goods sold were 87.7% for the first quarter of 2000, compared to 87.2% in 1999. Consequently, as a percentage of revenues, the Company's gross profit (revenue minus operating expenses and cost of goods sold) of 12.3% in the first quarter of 2000 was slightly lower than the gross profit of 12.8% for the first quarter of 1999. The gross profit percentage declined mostly due to higher labor and related costs including insurance. The Company is and will continue to actively pursue price increases from its customers for the balance of the year to help offset these cost increases. In addition, fixed price contracts were less profitable in the first quarter of 2000 than in the first quarter of 1999 because the 2000 quarter included an extra workday for which the Company paid hourly employees. Finally, a number of the Company's segments experienced stiff competition and reduced their prices to maintain market share despite incurring higher labor costs.

Selling, general and administrative expenses for the first quarter of 2000 were $39.5 million compared to $37.8 million for the corresponding three months of 1999. As a percentage of revenues, selling, general and administrative expenses decreased to 9.2% for the three months ended January 31, 2000, from 9.6% for the same period in 1999, primarily as a result of certain corporate expenses recorded during the first quarter of fiscal 1999. The $1.7 million increase in selling, general and administrative expenses for the three months ended January 31, 2000, compared to the same period in 1999, is primarily due to expenses related to growth, including the amortization of goodwill, and other expenses associated with acquisitions.

Interest expense was $641,000 for the first quarter of 2000 compared to $554,000 for the same period in 1999, an increase of $87,000. This increase was primarily due to higher average interest rates during the first quarter of 2000.

The pre-tax income for the first quarter of 2000 was $12.8 million compared to $11.8 million, an increase of 8.0% over the same quarter of 1999.

The estimated effective income tax rate for both the first quarter of 2000 and the first quarter of 1999 was 41.0%.

Net income for the first quarter of 2000 was $7.5 million, an increase of 8.0% compared to the net income of $7.0 million for the first quarter of 1999. Diluted net income per common share rose 10.3% to 32 cents for the first quarter of 2000 compared to 29 cents for the same period in 1999. Diluted net income per share rose more than net income due to a 2.2% decrease in diluted shares outstanding. The reduction in diluted shares outstanding reflected the repurchase of shares and the effect of lower dilutive securities equivalents.

SEGMENT INFORMATION

Revenues for ABM Janitorial Services (also known as American Building Maintenance) increased by 10.8% during the first quarter of 2000 as compared to the same quarter of 1999 as a result of increased business nationwide but particularly in the Mid-Atlantic, Midwest, Northwest and Southeast regions. This Division's operating profits increased 1.3% when compared to the same period last year. The increase in operating profits is principally due to increased revenues. Operating profits increased at a lower rate than revenues due primarily to higher labor and labor related costs including insurance. This Division's profits were also adversely affected by an additional workday during the current quarter than the first quarter of the prior year. One extra day of labor expense on the Division's fixed price contracts compared to the first quarter of 1999 resulted in additional cost estimated to be in excess of $1 million.

Ampco System Parking (also knows as Ampco System Airport Parking and Ampco Express Airport Parking) revenues increased by 3.4%, while its operating profits increased 4.1% during the first quarter of 2000 compared to the first quarter of 1999. The increase in both revenues and operating profits was primarily due to newly acquired parking contracts in its California and Texas operations.

ABM Engineering Services' revenues increased by 1.5% while its operating profits decreased 4.2% for the first quarter of 2000 compared to the same period in 1999. The small revenue increase was due primarily to strong competition which held down price increases and a loss of work in

Northern California and the Northeast. The decrease in operating profits is due to increased general and administrative expense.

Amtech Lighting Services (also known as Sica Lighting & Electrical Services in the Northeast) reported a 17.3% revenue increase, and operating profits increased by 9.7% during the first quarter of 2000 compared to the same quarter of the prior year. The increase in revenues and operating profits was primarily due to obtaining a significant contract in New York City, which started November 1, 1999.

Revenues for Amtech Elevator Services increased by 21.8% in the first quarter of 2000 compared to the same period in 1999 primarily due to new work secured in Chicago and Northern California. The Division reported a 4.6% increase in operating profit for the first quarter compared to the corresponding quarter of 1999. This proportionally smaller increase in operating profits can be attributed primarily to higher operating expenses including insurance and computer related expenses.

SAFE HARBOR STATEMENT

Cautionary Safe Harbor Disclosure for Forward Looking Statements under the Private Securities Litigation Reform Act of 1995: Because of the factors set forth below, as well as other variables affecting the Company's operating results, past financial performance, should not be considered a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. The statements contained herein which are not historical facts are forward-looking statements that are subject to meaningful risks and uncertainties, including but not limited to: (1) significant decreases in commercial real estate occupancy, resulting in reduced demand and prices for building maintenance and other facility services in the Company's major markets, (2) loss or bankruptcy of one or more of the Company's major customers, which could adversely affect the Company's ability to collect its accounts receivable or recover its deferred costs, (3) major collective bargaining issues that may cause loss of revenues or cost increases that non-union companies can use to their advantage in gaining market share, (4) significant shortfalls in adding additional customers in existing and new territories and markets, (5) a protracted slowdown in the Company's acquisition program, (6) legislation or other governmental action that severely impacts one or more of the Company's lines of business, such as price controls that could restrict price increases, or the unrecovered cost of any universal employer-paid health insurance, as well as government investigations that adversely affect the Company, (7) reduction or revocation of the Company's line of credit, which would increase interest expense or the cost of capital, (8) cancellation or nonrenewal of the Company's primary insurance policies, as many customers contract out services based on the contractor's ability to provide adequate insurance coverage and limits, (9) catastrophic uninsured or underinsured claims against the Company, the inability of the Company's insurance carriers to pay otherwise insured claims, or inadequacy in the Company's reserve for self-insured claims, (10) inability to employ entry level personnel due to labor shortages, (11) resignation, termination, death or disability of one or more of the Company's key executives, which could adversely affect customer retention and day-to-day management of the Company, and (12) other material factors that are disclosed from time to time in the Company's public filings with the United States Securities and Exchange Commission, such as reports on Forms 8-K, 10-K and 10-Q.

## ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not issue or invest in financial instruments or their derivatives for trading or speculative purposes. The operations of the Company are conducted primarily in the United States, and, as such, are not subject to material foreign currency exchange rate risk. Although the Company has outstanding debt and related interest expense, market risk in interest rate exposure in the United States is currently not material.

## PART II. OTHER INFORMATION

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27.1 - Financial Data Schedule

(b) Reports on Form 8-K: No reports on Form 8-K were filed during the quarter ended January 31, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABM Industries Incorporated

| | |
|---|---|
| March 15, 2000 | /s/ David H. Hebble |
| | Senior Vice President, Principal Financial Officer |

EXHIBIT INDEX

| EXHIBIT | DESCRIPTION |
| --- | --- |
| Exhibit 27.1 | Financial Data Schedule |

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1,000

3-MOS
OCT-31-2000
JAN-31-2000
2,198
0
295,766
0
25,224
372,197
96,126
60,395
571,768
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7,527
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0.32